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# THE EMERGENCY FOOD ASSISTANCE ACT OF 1998

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## HEARING

BEFORE THE

SUBCOMMITTEE ON DEPARTMENT OPERATIONS,  
NUTRITION, AND FOREIGN AGRICULTURE

OF THE

COMMITTEE ON AGRICULTURE  
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

ON

**H.R. 4571**

SEPTEMBER 23, 1998

**Serial No. 105-65**



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## **THE EMERGENCY FOOD ASSISTANCE ENHANCEMENT ACT OF 1998**

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**WEDNESDAY, SEPTEMBER 23, 1998**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON DEPARTMENT OPERATIONS,  
NUTRITION, AND FOREIGN AGRICULTURE,  
COMMITTEE ON AGRICULTURE,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 10:10 a.m., in room 1300, Longworth House Office Building, Hon. Bob Goodlatte (chairman of the subcommittee) presiding.

Present: Representatives Smith of Michigan, Thune, Clayton, Berry, and Bishop.

Staff present: Lynn Gallagher, senior professional staff; Kevin Kramp, subcommittee staff director; Callista Bisek, assistant clerk/scheduler; Wanda Worsham, clerk; and Danelle Farmer, minority staff consultant.

### **OPENING STATEMENT OF HON. BOB GOODLATTE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA**

Mr. GOODLATTE. Good morning. The hearing will come to order.

The purpose of this hearing is to receive testimony and written statements reviewing H.R. 4571, the Emergency Food Assistance Enhancement Act of 1998. I introduced this bill to increase the Emergency Food Assistance Program, TEFAP, mandatory commodity purchase account from \$100 million to \$120 million.

It is unfortunate that there is a need for food banks. Even though our farmers and ranchers are the most productive and efficient in the world, the need for food banks continues. Food banks often meet the needs of their communities by managing donations from the Government and the private sector to the public. It is a unique program that has the ability to provide nutritious domestic agriculture products to needy Americans, while at the same time providing support to the agriculture community. In the welfare reform bill, Congress made TEFAP commodity purchases mandatory because of the integral role this program has in the provisions of food assistance to needy families.

This program provides quick response, something to get families through tough times. It gives them the support they need, but it does not ensnare them into a cycle of dependency for which other Federal assistance programs are infamous. TEFAP purchases also provide much-needed support to the agriculture community. While other food assistance programs are much larger, TEFAP has a more direct impact for agriculture producers, returning 85 cents of

every dollar to the farmer, while at the same time providing food for those in need.

To pay for the \$20 million increase for the TEFAP program, this bill strikes the provision for new funding and spending conditions in the Food Stamp Employment and Training Program that were included in the Balanced Budget Act of 1997. The bill gives TEFAP an additional \$20 million a year and returns the rest to the U.S. Treasury. In addition, it strikes the mandate that 80 percent of both new and previous employment and training funds must be used to provide State work or training slots for able-bodied adults without dependents who are subject to the work requirements within 3 months of receipt of food stamps. This means that States will be able to use \$348 million over the next 4 years to help food stamp participants find jobs, or an average of \$87 million per year.

Many States report that the able-bodied adults without dependents caseload has declined more dramatically than the overall food stamp caseload rate.

Due to the declining number of able-bodied adults without dependents cases, restrictions on State spending of Federal employment and training funding are leading to dramatic imbalances in the amount of funds available and services to this population and the rest of the food stamp recipients. For example, the State of Texas estimates that it will have over 12 times more money available for able-bodied adults without dependents than for anyone else on food stamps. In real dollars, for example, that breaks down to \$491 for a single 23-year-old male on food stamps compared to just \$40 for a 23-year-old mother of four participating in the same program.

The able-bodied adults without dependents constitute only 25 percent of all employment and training program participants, yet 80 percent of all employment and training money is reserved for them. It is obvious that the needs of the able-bodied adults without dependents and everyone else in the employment and training programs would be better served if the States could address the needs of all participants on an equal basis and promote self-sufficiency for all recipients. \$348 million remains available to States for this purpose.

The 105th Congress is drawing to a close, and I am hopeful that the Emergency Food Assistance Enhancement Act will enjoy resounding and rapid support from the House of Representatives. It is important that we increase authority for this important program and stop the wasteful spending on food stamp employment and training programs for people who refuse to participate. It is equally, if not more, important to send a message to the conferees assigned to the Agriculture Appropriations bill for fiscal year 1999 that TEFAP is a vitally important program and should be funded to its fullest extent.

We have assembled uniquely qualified witnesses that will provide insight into the need for increased TEFAP funding and the current status of employment and training participation of the able-bodied adults without dependents population.

At this time, I would ask that a copy of H.R. 4571 be placed in the record.

[H.R. 4571 follows:]

105TH CONGRESS  
2D SESSION

# H. R. 4571

To amend the Food Stamp Act of 1977 to eliminate additional funds authorized to be appropriated for fiscal years 1999 and 2002 for employment and training programs, and to require the Secretary of Agriculture to purchase additional commodities for distribution under section 214 of the Emergency Food Assistance Act of 1983 for fiscal years 1999 through 2002.

---

## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 15, 1998

Mr. GOODLATTE introduced the following bill; which was referred to the  
Committee on Agriculture

---

## A BILL

To amend the Food Stamp Act of 1977 to eliminate additional funds authorized to be appropriated for fiscal years 1999 and 2002 for employment and training programs, and to require the Secretary of Agriculture to purchase additional commodities for distribution under section 214 of the Emergency Food Assistance Act of 1983 for fiscal years 1999 through 2002.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the "Emergency Food As-  
3 sistance Enhancement Act of 1998".

4 **SEC. 2. REDUCTION IN FUNDS AUTHORIZED TO BE APPRO-**  
5 **PRIATED FOR EMPLOYMENT AND TRAINING;**  
6 **INCREASE IN EXPENDITURES FOR COMMOD-**  
7 **ITY PURCHASES.**

8 The Food Stamp Act of 1977 (7 U.S.C. 2011-2036)  
9 is amended—

10 (1) in section 16(h)(1)—

11 (A) by striking clauses (iv) through (vii),  
12 and inserting the following:

13 "(iv) for fiscal year 1999,  
14 \$84,000,000;

15 "(v) for fiscal year 2000,  
16 \$86,000,000;

17 "(vi) for fiscal year 2001,  
18 \$88,000,000; and

19 "(vii) for fiscal year 2002,  
20 \$90,000,000.";

21 (B) by striking subparagraph (E); and

22 (C) by redesignating subparagraphs (F)  
23 and (G) as subparagraphs (E) and (F), respec-  
24 tively, and

1           (2) in section 27(a) by striking “Act,” the 1st  
2       place it appears and all that follows through  
3       “\$100,000,000”, and inserting the following:

4   “Act—

5           “(1) for each of the fiscal years 1997 and 1998,  
6       the Secretary shall purchase \$100,000,000; and

7           “(2) for each of the fiscal years 1999 through  
8       2002, the Secretary shall purchase \$120,000,000;”.

○

Mr. GOODLATTE. I would now like to recognize the ranking member of the subcommittee, Mrs. Clayton of North Carolina.

**OPENING STATEMENT OF HON. EVA M. CLAYTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA**

Mrs. CLAYTON. Thank you, Mr. Chairman.

Mr. Chairman, I am pleased that we are having this hearing on your legislation to increase the Emergency Food Assistance Program, TEFAP. I had hoped to join in supporting your legislation which provides the much-needed funding increase for TEFAP. I have been active with the hunger community in my State and the Nation and know how popular this program is and the role that TEFAP plays in providing critically needed food to many hungry individuals.

Parenthetically, I might say that I am an elder in my church and started food banks. There is a definite need to increase funding for this worthy and effective program.

While I support the goal of your legislation, I have serious concerns about the offset proposed. Hopefully, we can find a better method of funding \$100 million or \$80 million for TEFAP. One hundred million dollars for TEFAP will eliminate \$323 million provided under the 1997 Balanced Budget Act to create work for poor, unemployed individuals whose food stamp benefits are cut off after 3 months if they are not in the workfare program.

Denying funding for welfare slots of food stamps to people subject to the 3-month time limit not only violates the commitment of a promise of the 1997 bipartisan budget agreement, but it increases the burden and the caseload of the food bank which the limited TEFAP program supports. Hopefully, Mr. Chairman, we can find another method to fund this worthy and effective program.

I am also looking forward to the testimony of the distinguished committee members and the panelists who have come to share their concerns, observations and ideas. Again, thank you for the hearing and your interest and commitment to increasing the funding of TEFAP.

[The prepared statement of Mrs. Clayton follows:]

EVA M. CLAYTON  
1ST DISTRICT, NORTH CAROLINA

COMMITTEES:  
AGRICULTURE

SUBCOMMITTEES:  
DEPARTMENT OF AGRICULTURE, NUTRITION, AND  
FOREIGN AGRICULTURE  
RANGING MEMBER

FOREST, RESOURCE CONSERVATION, AND RANGE  
BUDGET  
**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-3301**  
**Statement of**  
**Representative Eva M. Clayton**  
**Department Operations, Nutrition and Foreign**  
**Agriculture**  
**Subcommittee Hearing on H.R. 4571**  
**September 23, 1998**

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Mr. Chairman,

I am pleased that we are having this hearing on your legislation to increase The Emergency Food Assistance Program, TEFAP. I had hoped to join in supporting your legislation which provides a much needed funding increase for TEFAP.

I have been active with the hunger community in my state and the nation and know how popular this program is and the role TEFAP plays in providing critically needed food to many hungry individuals. There is a definite need to increase funding for this worthy and effective program. While I support the goal of your legislation, I have serious concerns about the off-sets proposed.

Hopefully, we can find a better method of funding \$100 million for TEFAP rather than eliminating \$323 million provided under the 1997 Balanced Budget Act. These funds are designed to create work for poor unemployed individuals whose food stamp benefits are cut off after just three months if they are not in a workfare program.

Denying funding for workfare slots (food stamps) to people subject to the three month time limit not only violates the commitment of the promise of the 1997 bipartisan budget agreement, but it increases the burden and the caseload of the Food Banks which the limited TEFAP program supports.

Let me profile some of the "Able-Bodied Adults" who are affected:

- 1) There are approximately 25 million food stamp recipients.
- 2) There are 2.5 million (9%) who are childless adults between the ages of 18 and 50.
- 3) About half of these childless adults, 1.3 million (5%) are "able-bodied," non-working, childless adults, and thus subject to the three month limit.
- 4) Forty percent of the "able-bodied" adults are women.

- 5) Of the "able-bodied" adults that are in two person units, eighty-two percent contain one male and one female.
- 6) Ninety-two percent of the "able-bodied" adults are citizens.
- 7) At least thirty percent and possibly as many as fifty-nine percent of the "able-bodied" adults have a high school degree. (That is because half of them have unknown educational status, and by computing percentages among the known status, the higher percentage is probably more accurate).
- 8) Forty-one percent of the "able-bodied" adults have no income at all, and forty-five percent live in units with no income at all.
- 9) Among the "able-bodied" adults who have income, the average monthly income is \$225.
- 10) Over three-fourths of the able-bodied" adults have income below the poverty level.
- 11) Only 13 % of the able-bodied adults have any financial assets, and of those who have assets, only one-third have assets in excess of \$100.
- 12) Nearly 22% of the "able-bodied" adults are legally exempt from the work registration because of a physical or mental disability.
- 13) "Able-bodied" adults are twice as likely to participate in employment and training programs as other food stamp recipients.
- 14) About one-third of "able-bodied" adults have participated for three months or fewer in the Food Stamp Program.
- 15) Twenty-three percent of "able-bodied" adults have participated for less than three consecutive months in the Food Stamp Program.

Hopefully Mr. Chairman we can find another method to fund this worthy and effective program. I look forward to the testimonies of the distinguished and committed panelists who have come to share their concerns, observations and ideas. Again, thanks for the hearing and your interest and commitment to increase funding for TEFAP.

Mr. GOODLATTE. Thank you, Mrs. Clayton. We certainly will work together to find something that will work.

Do any other members have opening statements?

The gentleman from Georgia, Mr. Bishop.

**OPENING STATEMENT OF HON. SANFORD D. BISHOP, JR., A  
REPRESENTATIVE IN CONGRESS FROM THE STATE OF  
GEORGIA**

Mr. BISHOP. Thank you, Mr. Chairman, and my good friend and ranking member, Mrs. Clayton. Welcome, colleague Tony Hall, and I thank him for his presence at the hearing today.

Mr. Chairman, this bill is really a mixed bag which, without a change, is nevertheless a bill which I cannot support.

My position would seem on its face a surprise until you look at the heart of the matter. The Bible tells us that it is our Christian duty to emulate Jesus in feeding the poor, clothing the naked, and caring for the sick. When it comes to public policy, I think everyone in this room knows that it is necessarily a zero-sum proposition. This bill does not pass the lab test because of its cumulative, negative impact on the poorest of the poor. Although it appears to be a laudable initiative, increasing commodity purchases for food bank is severely undercut by the amount of offset that the bill proposes. I simply can't understand why the subcommittee would endorse eliminating over \$300 million for food stamp work slots, which will undermine the goals of the welfare reform which we passed just a couple of years ago. And this large offset is in the face of the fact that the increase proposed in the bill for food banks and feeding programs is only \$80 million. I don't quite understand it.

Let me state from the outset that the amount of offset is completely inconsistent with the principles of the welfare reform package that we passed. And by supporting the offset in this bill, the extremely low-income people who are willing to work with food stamps, yet cannot find work in the private sector, will be cut off at the knees. Essentially, the subcommittee will be saying to them that the work requirement imposed on them is a joke which is not being taken seriously by the Congress and which is an empty commitment; and without the skills nor the prospect of recipients acquiring skills through workfare, the 3-month cutoff on benefits becomes very arbitrary and an otherwise destitute person will ironically become more of a burden on food assistance than is represented here today.

I hope, as a product of this hearing, Mr. Chairman, that the subcommittee will go back and rethink the amount of the offset and the harm that it will mean to welfare programs around the country, including my home State of Georgia, where we have successfully moved some 68,000 people from welfare to work over the last 3½ years. I would hope that we would reach some reasonable compromise in this regard, and if we are to do an offset, offset it only by the amount that we want to increase the food banks. If we can do that, I think that would be reasonable, and I think it would be something that we could all swallow and support.

Mr. GOODLATTE. I thank the gentleman, and we certainly want to work in that direction.

I would point out that while we have not received final figures yet, we are awaiting a report from the General Accounting Office later this year; and we would also like to hear from the administration on this, but it is our understanding that 70 percent or more of the money that we are proposing to return to the Treasury is not being spent right now because of the dramatic decline in the caseload for able-bodied adults without dependents for their training programs.

So we will certainly work with you. We want to increase this money for TEFAP, but we also want to make sure that programs which are not being utilized or which are hamstringing the States' ability to provide workfare and training programs for people who do need them, which seems to be more people with dependents and other categories, that the money is used appropriately; or if it is not being used appropriately, that we save the taxpayers that expense.

Mr. BISHOP. Will the gentleman yield?

Mr. GOODLATTE. I will.

Mr. BISHOP. One of the concerns is that, in many instances, the money is not being used because the workfare programs have not been approved and completely implemented; several States are awaiting approval.

In my own State of Georgia, requests have been made and we are ready to implement them, and it is just a matter of having the funds approved and then we will come back. But we are ready, willing and able to go forth, but it is not through any fault of the State of Georgia that we don't have those resources.

Mr. GOODLATTE. The gentleman from Michigan, Mr. Smith.

**OPENING STATEMENT OF HON. NICK SMITH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN**

Mr. SMITH of Michigan. Mr. Chairman, I thank you.

I see three reasons why proceeding with this bill is justified. One, there are still hungry citizens in our country; two, the situation now in agriculture is that we have a much lower cost than in many years; and, third, in terms of the funding, it seems reasonable that while some of the money is being unused in the employment and training programs, it offers at least one possibility to accommodate additional money in the Emergency Food Assistance Program. And if there are better ways to come up with funding, then I, as you have indicated, Mr. Chairman, am amiable to looking at those alternatives.

Thank you.

Mr. GOODLATTE. Thank you, Mr. Smith.

The gentleman from Arkansas, Mr. Berry.

**OPENING STATEMENT OF HON. MARION BERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS**

Mr. BERRY. Thank you, Chairman Goodlatte, and Ranking Member Clayton. I appreciate your holding these hearings, and I certainly support your desire to actively fund the Emergency Food Assistance Enhancement Program, TEFAP. In my home State of Ar-

11 there are more than 42,000 children under the age of 12

who go to bed hungry. That is 10 percent of the children in the State of Arkansas. There are almost 450,000 people in Arkansas who live in poverty. In the United States there are approximately 36 million people, 4 million are children under the age of 12, who are living in poverty.

The Emergency Food Assistance Enhancement Program gives thousands of people assistance by supplying local emergency food providers with USDA commodities. Last year, Arkansas received over \$1.9 million in funding for TEFAP and an estimated 3.8 million households nationwide were served by TEFAP. In 1996, more than 117 million pounds of food were distributed.

TEFAP is a good program because it gives low-income families an option to see them through hard times without trapping them into dependency. The increased commodity sales are also beneficial to farmers who are going through tough times nationwide, and particularly in the first district of Arkansas.

The legislation we are looking at today, the Emergency Food Assistance Enhancement Act, increases funding for TEFAP programs by \$20 million. Let me say that I support increased funding for the TEFAP program, but not on the backs of able-bodied adults who benefit from the education and training funds included in the program that were agreed to in the 1997 Balanced Budget Act.

The legislation before us today is expected to cut about \$300 million from those education and training funds. Only \$20 million of that is slated to go to TEFAP. The bill also eliminates a requirement that 80 percent of the funds for education and training have to go to able-bodied adults without dependents.

I, along with members of this subcommittee, am committed to welfare reform. That means getting people off welfare and putting them to work. Along with the commitment to welfare reform is our commitment to giving those who are physically able the resources they need to get an education and get the training they need to get themselves out of poverty and into the work force. Education and training should remain key components of welfare reform, and we should not back out of commitments to make that investment. That is what welfare reform is all about, getting people off welfare and getting them the education and training they need to get ahead and be self-sufficient.

I thank you, Mr. Chairman, and look forward to hearing from the panelists today.

Mr. GOODLATTE. I thank the gentleman. Any additional statements from Members may be included at this time.

[The prepared statement of Mr. Brown follows:]

GEORGE E. BROWN, JR.

PAVING DEMOCRATIC MEMBER,  
COMMITTEE ON SCIENCE  
MEMBER,  
COMMITTEE ON AGRICULTURE  
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Congressman George E. Brown, Jr.

Statement for the Record

**Subcommittee on Department Operations, Nutrition, and Foreign Agriculture**  
**Review of H.R. 4571, the Emergency Food Assistance Enhancement Act of 1998**  
**September 23, 1998**

I'm glad to have the opportunity to offer my remarks on efforts to increase funding for the Emergency Food Assistance Program (TEFAP). I would like to extend my thanks to the witnesses for taking the time to come to testify on this important and pressing issue today, and to Representative Tony Hall for being the driving force behind this issue. I would also like to thank Chairman Goodlatte for calling this hearing.

We have recently begun seeing news reports touting the success of the 1996 welfare reform bill; welfare roles are down across the country and many are congratulating themselves for turning around the cycle of poverty and welfare dependence. However, as we will no doubt hear from our witnesses today, at the same time that welfare roles are shrinking, the demand for food from our country's charities and food banks is increasing, and doing so at a rate that neither private donations nor the TEFAP program can meet at this time.

From the outset, I had grave concerns about the possible negative effects of welfare reform, including the threat of a sharp increase in the number of working poor who, even though they are employed, are still unable to meet the basic needs of their families and themselves.

Second Harvest, the California Emergency Foodlink, Catholic Charities, and the Food Research Action Council (FRAC) began coming to my office with reports of food shortages and increases in demand early this year. Since then, I have joined Tony Hall in calling for the federal government to do its part by increasing assistance through TEFAP, and I am proud to be a co-sponsor of his legislation to do just that.

Since the passage of the welfare reform bill, I have been committed to correcting the injustices contained in that legislation, or created as a result of provisions in the act. We can not deny that more people are hungry today in America. Whether or not that is a direct result of our effort to cut welfare roles, it is still a problem that we have the responsibility and duty to address.

A \$20 million increase in TEFAP is very much needed and indeed overdue. However, despite my strong support for TEFAP, I must admit to some questions and concerns that I have about the specific legislation at hand, which eliminates Food Stamp employment and training funds for a specific group of adult recipients of public assistance. These employment and training funds are part of the carefully crafted Balanced Budget Agreement, and are intended to assist adults in gaining substantive employment and truly enabling them to be self-sufficient in the long run.

I am very interested to hear the Department of Agriculture's views on using this specific pot of money for the TEFAP offset. If these funds are not needed, and could be better used in TEFAP, then perhaps they should be shifted. However, it would seem to me that it is counter productive and bad policy in the long run to take money from training programs and simply shift funds from one group of those in need to another.

This should not be a complicated or controversial issue. If we have people in need of food and the resources to increase commodity distribution to help them, it should not be a question, but we should not strip resources from others in need to do so. I would hope that we could work together to find a more appropriate place from which to offset the money. This is too vital an issue to be partisan and there is no need to make it unnecessarily controversial.

Thank you for the opportunity to submit these remarks.

Mr. GOODLATTE. The subcommittee is now pleased to welcome a very distinguished Member of Congress, Congressman Hall of Ohio. Congressman Hall has a long reputation for speaking out on nutrition issues and is a strong supporter of food banks, and we are delighted to have you with us today.

**STATEMENT OF HON. TONY P. HALL, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF OHIO**

Mr. HALL. Thank you, Mr. Chairman and Mrs. Clayton and very distinguished members of the subcommittee. I have a fairly long version of my statement that I would ask to be part of the record, and I would like to read just a few portions.

Mr. GOODLATTE. Without objection, your full statement will be part of the record.

Mr. HALL. I would like to thank you, Mr. Chairman, for focusing on this most important issue. This panel has had a long history of leadership on hunger issues in the Congress, including the legacy of late-Congressman Bill Emerson. He was my friend and former co-chairman of the Hunger Caucus, and he was also one of TEFAP's biggest champions in Congress. And the committee bears major responsibility for how we, as a nation, respond to the fact that more than 21 million Americans, including more than 1 in 4 of our children, do not always have enough to eat.

That should not be happening in our country. We are a very, very blessed country and we have a very prosperous economy, and we have very much of a rising living standard. You will hear more about the needs from the excellent witnesses that you have here today, and I would simply encourage any Member who doubts the severity of the situation to visit food banks, pantries or soup kitchens in his or her own district. And I am sure all of you, as members of this subcommittee, have visited food banks and know what the problem is.

Earlier this year, I did just that with three Ohio colleagues, Republican and Democrat, to investigate reports of alarming increases in demand for food in Ohio which was up by 43 percent from 1997, according to Ohio food banks. What we saw was not the extremes of hunger and starvation that I have seen in so many desperate places around the globe, but rather a slow and often hidden and insidious hunger which is just as disturbing. I saw hundreds of seniors lined up for bags of groceries. I saw the shame in the faces of many working people forced to seek the help from pantries to put food on the table, and I heard parents tell of children excited to see a bag of food staples brought home from the local pantry.

This kind of hunger is all the more disturbing because we know it to be a solvable problem. TEFAP is a critical part of the solution and food banks are a driving force behind their success. For many people that they serve, food banks are easing the transition off of public assistance and are helping to make welfare reform a success. They deserve our support, and I am pleased to see that some of them will testify today.

Mr. Chairman, I understand that you have introduced the bill, H.R. 4571. This is a bill that would increase the current \$100 mil-

lion authorization for TEFAP to \$120 million over 4 years. The need for such an increase is clear.

Second Harvest's survey of food banks found that emergency food needs were twice what food banks could meet. This data was gathered before most of the food stamp cuts kicked in, so the needs today are almost certainly even greater. After seeing those needs in my own State and hearing about them from around the country, I too introduced a bill, the Food Banks Relief Act of 1998. It would double the current TEFAP commodity purchase authorizations from \$100 million to \$200 million, and the bill currently has 58 co-sponsors.

Mr. Chairman, I applaud you for recognizing the need to increase funding for TEFAP, and I look forward to working with you to do just that. However, if TEFAP's increase is to be effective in getting more food to hungry people, there are two concerns that must be addressed.

The first relates to the mechanics of mandatory versus discretionary funding; and the second is the source of the offset or how we pay for a TEFAP increase. I have provided the committee with detailed testimony for the record, so I will address these concerns only briefly.

Mr. Chairman, when the welfare reform bill provided for \$100 million in mandatory funding for TEFAP, it was hoped and expected that TEFAP commodity purchases would have some degree of protection in the annual appropriations cycle. This has not been the case. Neither the Senate nor the House Appropriations Committee has funded the full \$100 million, and TEFAP has, instead, been cut. Under pressure from a shrinking agriculture spending allocation, appropriators have cut into mandatory money for TEFAP to free up discretionary money for other programs, so we have actually gone in the wrong direction on TEFAP.

I don't have the answer to this problem and obviously our appropriations colleagues have a tough job in balancing competing priorities within a shrinking allocation; but the bottom line is that TEFAP funding does not have the protection or assurance it should, and this concern will have to be addressed if we are to secure a real increase in TEFAP and see it reach those who need it.

Mr. Chairman, I strongly support the intent of your bill to increase funding for TEFAP, and I look forward to working with you in this regard. However, I am concerned that the bill goes beyond what is needed to offset the \$80 million cost of a \$20 million increase in TEFAP commodity purchases over 4 years. It would cut more than four times that much by eliminating the entire balance of funds remaining in the Food Stamp Employment and Job Training Program. It also eliminates the requirement that 80 percent of those funds be used to provide work slots for people subject to the 3-month food stamp cutoff. I will not go into the details of this program. There are others more qualified to do that. It makes sense to use some of this money to cover the cost of a TEFAP increase, but we should not gut the entire program without looking at how this money could be better used for its intended purposes.

I would encourage the subcommittee to carefully examine other offset options. One possibility worth considering is to tap carry-over balances which have been rolled over from year to year, in the sec-

tion 32 account. That option would help farmers by using more of their surpluses to help food banks feed hungry people, and I believe it bears further consideration.

Difficult as these issues are, it is urgent that they be resolved. Sharp increases in demands for emergency food around the country call for a meaningful and timely response. If we cannot move a stand-alone bill this year, we should seriously look at adding some additional TEFAP funds to the emergency supplemental package. Additional TEFAP funding is needed to provide the extra short-term relief necessary to ensure that charities can respond to people who need help, making the transition from welfare to work.

I look forward to working with the subcommittee to make that happen; and again, Mr. Chairman, I thank you for holding this most important hearing.

[The prepared statement of Mr. Hall appears at the conclusion of the hearing.]

Mr. GOODLATTE. Thank you, Congressman Hall. And let me say that I agree with you that mandatory means mandatory, and we ought to get the full \$100 million funding each year; and if we get this increase, we should get \$120 million. I look forward to working with you, with the Appropriations Committee members to make sure that they fully fund these programs.

With regard to your comments about the offset, we are not taking all of the money out of the employment and training program. We leave \$350 million there, all of the money that had been placed there thus far. We are simply saying that we should cut off new funds, because the evidence available to us thus far indicates that the money is not being spent at anywhere near the rate anticipated, nor is it flexible enough to meet the needs of the States who indicate that they need that money for purposes other than able-bodied adults without dependents; and so we are trying to create some flexibility and save the taxpayers some money in the process. But we are flexible about how we get the increase with TEFAP funds, and we want to work with you and others who support the increase to get it done in the emergency supplemental appropriations or any other source we can get it from.

Thank you. Do any members have any questions of Congressman Hall?

Mrs. Clayton.

Mrs. CLAYTON. You stated in your prepared statement that you would prefer another offset, and gave the example of the Treasury and Customs bill. Would you just, in your own words, state why you feel the offset and the education and training would be detrimental?

Mr. HALL. Well, I think these are important components of the welfare reform bill, and it is something that was worked on by many members of this Congress to get into the balanced budget bill, and I think that they are necessary. I think to eliminate that portion of monies would be an injustice.

I realize that a lot of monies sent to the States and various funds have not been used. A lot of the Governors have not used the amount of money that we have available to us, even in my own State of Ohio. I have written to Governor Voinovich and asked him to use it. I also realize that there are special considerations.

I am not an expert on this, but when I was in that tour in early March in Appalachia, a part of Ohio which is not my district, but we went into this one county and there were hundreds and hundreds of people waiting in line for food, and I couldn't understand why didn't these people have jobs. Well, in this particular area there weren't any jobs.

They had in this little town, this capital seat of this particular county, they had a job opening at, I think, a local video store; and they had 200 or 300 people apply, and it was a minimum wage job. In talking to one of the ministers there, I asked him if you had one wish with this problem that you are facing, what would it be? And his wish was, "If I had a bus that I could transport the unemployed people here to get jobs in Columbus, OH, which is about 70 to 90 miles away, I would transport these people every morning and pick them up and bring them back."

A lot of these people, especially the able bodied that live in rural areas where there are not jobs and they don't have transportation, it is difficult. These money for education is also very, very important.

So that is what I think about that. I think that in a \$55 billion agriculture appropriations bill in round figures, there ought to be ways that we can find other monies instead of using these offsets.

Mrs. CLAYTON. Thank you.

Mr. GOODLATTE. Thank, Mrs. Clayton.

Do any other members have any questions?

Mr. Smith.

Mr. SMITH of Michigan. Just briefly. From what I hear you saying, it is more a case of the jobs not being in that area rather than the lack of training for those particular individuals?

Mr. HALL. In that particular case, yes.

Mr. SMITH of Michigan. Thank you.

Mr. GOODLATTE. Thank you.

Tony, thank you very much for your contribution to this committee, and we look forward to continuing to work with you on any issues relating to food banks and nutrition programs.

Mr. HALL. Thank you, Mr. Chairman.

Mr. GOODLATTE. We invite our second panel to the table: Mr. Edward Mr. Cooney, Deputy Administrator for Special Nutrition Programs, Food and Nutrition Service, USDA, accompanied by Ms. Julie Paradis, Deputy Under Secretary for Food, Nutrition and Consumer Services. And I would like to welcome both of you and tell you that your written statements will be made part of the record.

**STATEMENT OF EDWARD M. COONEY, DEPUTY ADMINISTRATOR FOR SPECIAL NUTRITION PROGRAMS, ACCOMPANIED BY JULIE PARADIS, DEPUTY UNDER SECRETARY FOR FOOD, NUTRITION AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE**

Mr. COONEY. Thank you, Mr. Chairman. It is my pleasure to appear before this subcommittee to discuss the Emergency Food Assistance Program.

Mr. Chairman, I would also like to introduce somebody in the audience to you and Representative Clayton. He is the Honorable

Samuel Chambers, our new Administrator; and he is going to be administrating our \$40 billion worth of programs. Mr. Chambers is here.

Mr. Smith, Mr. Chambers is our new Administrator, and he hails from the great State of Michigan. He is from Wayne County. I thought that might catch your attention.

Mr. Chambers is excited about observing the congressional process. He has 30 years and 1 day's experience in the field in social services in Michigan at the Wayne County social services, as well as the Michigan department. He has a great deal of experience with food stamps, and he will enjoy working with you and you will enjoy working with him. I work for him.

I am accompanied by Ms. Julie Paradis, who is our Deputy Under Secretary for Food, Nutrition and Consumer Services at USDA. As you know, Ms. Paradis had a distinguished career helping staff in this particular committee. She has worked with Lynn Gallagher, as well as many other staff members on both sides of the aisle.

I am the Deputy Administrator for the Special Nutrition Program, and TEFAP is a program that is administered through my office. We appreciate your leadership and that of Mrs. Clayton on this important program called TEFAP.

As you know, TEFAP provides important nutrition assistance to poor individuals and families. It helps farmers. It also assists families and low-income individuals in their efforts, who leave public assistance for employment in the public and private sector. I have engaged in many discussions at my former place of employment, the Food Research and Action Center, about the value of TEFAP and also about the value of the Food Stamp Program, the largest and most relied upon antihunger program sponsored by the Government.

But, to be honest, the most critical influence on my views of the importance of TEFAP came from Bill Emerson. Representative Emerson, for whatever reason, took exceptional time and patience to, quote, "bring me along" on TEFAP. I appreciated his advice at that time, and still miss his advice today.

The Department of Agriculture is very proud of the Emergency Food Assistance Program and the role it plays in supplementing our other food assistance programs. TEFAP provides purchased commodities. It provides bonus commodities, as well as administrative dollars, and this is a key difference. TEFAP's effects are greater than its budget implications because the Federal administrative funds which are made available help leverage the operation of the emergency food organizations nationwide, making it easier for them to distribute the large amount of commodities that they have from the private sector.

The Food and Nutrition Service, FNS, administers TEFAP to provide commodities to low-income households and for use in congregate meal services. Participating organizations include soup kitchens, food pantries, food banks and other organizations in this line. Distribution is accomplished through the cooperation of State and local governments, faith-based groups, as well as private volunteers.

When TEFAP started in 1981, Government warehouses were bulging with cheese; we all remember the visits to the caves in Kansas City. We also had large amounts of butter and nonfat dry milk. The economy was not performing well, and millions of people were not getting enough to eat. The TEFAP program was created, and over 7.3 billion pounds of food were donated to those in need over the next decade. Senator Dole, Senator Leahy, Representatives Panetta and Emerson from this committee were key leaders in this effort.

Since the inception of this program, USDA has, under our commodity loan program and our surplus removal authority, donated a wide variety of things, including cheese, butter, nonfat dry milk, canned fish and many other products. But by also utilizing the funds you have provided through this committee and through Appropriations, specifically set aside for TEFAP, we have been able to buy higher protein foods, peanut butter, rice, macaroni and so forth. So it is obvious that TEFAP is helpful not only to low-income families and individuals, but also to farmers and the farm community in general.

In recent years, as you know, Congress has changed farm programs, reducing the large surpluses of products that were in our Government warehouses previously. Thus, the volume of surplus food has diminished. At the same time, the focus of the program was changing, too. We all remember pictures in the newspaper and on TV of mass distribution at food banks, people standing in line, frequently in cold weather. That has changed. Now many States are making targeted distributions, largely through food pantries and using TEFAP foods to supplement the other food donations that these organizations receive through private channels.

I want you to know that there has been a significant amount of commitment by Congress and the administration to TEFAP in terms of funding. Congress appropriated \$120 million per year from 1989 to 1992 and compensating administrative funds as well. We have always had consistent Federal support for administrative costs for TEFAP, and that is important from the local agencies' point of view so they can distribute other commodities as well. But things have changed regarding TEFAP. The funding for the commodity purchase part of the program has varied. It has been as low as \$25 million in some years and as high as \$80 million or \$100 million in others. Soup kitchens and food pantries are in greater need. Private donations have declined. Manufacturers are doing a better job with their product. They no longer have the damaged goods that they used to give to the network, and their inventory management systems have improved, so the product is no longer in excess.

Welfare reform made major changes to the TEFAP program. It combined it with the soup kitchen and food bank programs, giving greater flexibility to that program so that you could serve folks in congregate need in meal settings as well as others. And we have continued our help lately in the purchase of bonus commodities. These are commodities that you are aware of, but people listening might not be as aware of.

These are commodities that we provide free to TEFAP providers and sponsors beyond purchase commodities, and in 1997 we bought

up \$29 million worth of commodities. Last year, we gave out 100 million pounds or \$80 million of bonus commodities, and they were high protein commodities which are in short supply and great demand—things like frozen turkey roast and beef, things that people need and want and would consume readily. We also, as you know, provide canned fruits and juices. We are also trying to improve the dietary content by reducing fat and sugar while still providing items rich in protein.

In conclusion, Mr. Chairman, we support the TEFAP program, but we strongly oppose the funding mechanism that you have chosen for reasons that were articulated by other members.

There was an agreement reached among many important Members of Congress, Representative Kasich among them, to provide employment and training to people that are able bodied but don't have dependents. They need to have a shot at getting employment because unlike other parts of the population in terms of work training and so forth, the ABAWD [Able Bodied Adult Without Dependents] population is unique. If they don't get a slot within 3 months, they are out of food stamps for 3 years. So what you would end up with inadvertently, you would have a nice support for TEFAP, but you would also end up with more TEFAP participants because of the funding device.

States have indicated their commitment to the E&T program. We are working with them. All but a few States are developing plans. You should be aware that the guidance only came out in February 1998. This program is just getting under way. Many States are very interested, and some States are not as interested in them.

If we give up these slots and the money for these slots, those people will run the risk of going hungry. We think that it is critical that we keep that mechanism. I say this with some knowledge of your personal interest in TEFAP and your leadership, but also the pain of developing a funding source.

I was the point person for the Clinton administration in developing a funding source for the Child Nutrition Reauthorization bill. I did so. I was then sent to New Orleans to defend the cut in the Child and Adult Care Food Program which I had to recommend to the people who were receiving that cut. I also received food poisoning during that visit. Of the two events, I enjoyed the food poisoning more, Mr. Chairman.

We did work with Chairman Riggs and his counsel and Mr. Martinez in solving some very nasty public policy disputes over infant formula usage, over creating an Oregon option for child nutrition programs, which Chairman Smith is very interested in, as is Vice President Gore, and has instructed my office and other people to help implement; and also getting funding for a very important child nutrition bill. It took a lot of patience and a lot of understanding and expertise.

As Representative Smith pointed out, there are other ways to go in life, but this bill happened. It was a lot of pain, but it passed the House 383 to 1, and by unanimous consent in the Senate. The funding proposal that I recommended is still intact in part in the House version of the bill. We do strongly oppose this encroachment on E&T.

In conclusion, I would just say that our nutrition and nutrition education programs are the cornerstone of reaching our goals of eliminating hunger and improving the nutrition and health of all Americans. Together, our efforts can make a difference.

I want to make sure that the statement as a whole is admitted into the record, so that you have the full thinking of the administration on this point.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Cooney appears at the conclusion of the hearing.]

Mr. GOODLATTE. Mr. Cooney, thank you for your testimony. I very much appreciate it.

I appreciate the effort that went into the negotiation regarding welfare reform, but I would point out that the agreement that was so hard fought on every side has already been reached by virtue of the administration's insistence that food stamps be restored to noncitizens of the United States, something that costs more than \$150 million per year; and I would point out that that restoration of food stamps to those folks would reduce the number of people who may place a demand on food banks for assistance; and therefore, while you may be correct if there is a large demand by able-bodied adults without children, there could be an increased demand on food banks.

But the fact is, given the very low participation rate in that program, I don't see that as a likely or dramatic event. In fact, I think that has already been filtered through the process by people getting employment and no longer being dependent on these programs altogether, and in the alternative, turning to family members and others for assistance.

In that regard, let me ask you, the employment and training programs got \$212 million for fiscal year 1998. How much did the States spend?

Mr. COONEY. I know how much they spent in 1998, about \$120 out of the \$250 million available for that year. Is your question on fiscal year 1997?

Mr. GOODLATTE. No, 1998. So you spent about a half of what was appropriated?

Mr. COONEY. That is not a surprise. I am celebrating my first anniversary at the tender age of 53 with Government. Government does not move as swiftly as we would all like it to. We are concerned because the States haven't had a great deal of time to implement this. We have seen lots of efforts in States like New Jersey and New York and Georgia, as Representative Bishop has indicated.

It is not a huge surprise that that money is not expended. We do expect to see greater expenditures in the future. It takes time to create an additional Federal program.

Mr. GOODLATTE. To beg the question, Mr. Cooney, if we have no surprise that the money has not been spent, why was it requested to be appropriated?

Mr. COONEY. Because I think we had a sense of how long some of these things might take.

To be honest with you, this particular population is very difficult to serve, so I have some sympathy for the States doing it. This pop-

ulation is probably the least organized, the least politically supported. It is just very difficult to isolate folks and give them the training that they need to find job slots.

Some of these folks do not have a history of employment. It is a tough population to work with, and that is why the administration supported 80 percent of the funds needed to be focused in this area because they knew how tough it would be. That is my projection.

Mr. GOODLATTE. What is happening to the caseload for able-bodied adults without children?

Mr. COONEY. Is it going down?

Mr. GOODLATTE. Yes.

Mr. COONEY. I don't have that figure.

Ms. PARADIS. Mr. Chairman, all of the indications are, that caseload is dropping. But one of the real concerns that we have is, why is it dropping. I think that if we had clear evidence that it was dropping because this population was getting jobs, that would be one thing, but we don't have that. We suspect that there are other reasons why it has dropped so dramatically.

Hopefully, a significant percentage have gone on to find work. But our expectation is that a significant percentage is not working. These people are often not easily employable. A significant percentage of them do not have a high school diploma, and so they demand special consideration. We suspect that they may have moved in with other family members and put particular stresses on families. We suspect that others are using soup kitchens for the first time or in numbers that we have not seen before. But until we know exactly what has happened to this population, it is very difficult to support cuts in the program that are targeted to this very special-need, time-limited food stamp population.

Mr. GOODLATTE. Ms. Paradis, why is it tough to put these people into jobs? The unemployment rate is about 4 percent. They are able-bodied, no children. I would suspect there is a decline because people have found jobs on their own without need for Government assistance, and therefore the need for this program remains far lower than was appropriated for when the welfare reform compromise was put into place a few years ago.

Ms. PARADIS. Based on what we do know about this population in terms of their general characteristics in that about 90 percent have absolutely no assets at all. So what might that suggest? That might suggest that they have none of the wherewithal to be able to work—that they probably don't have access to a vehicle, those kinds of things that make people marketable and that make people able to find jobs and keep jobs.

You are talking here about a population that is truly the poorest of the poor and not the type that is easily employed. Some 42 percent of these are women. Many of them are what we used to call in the old days "displaced homemakers," people who do not have the kinds of skills that make them, even at a time of a booming economy, easily placed in an increasingly high tech economy. Almost 3 in 10 are over age 41, and in spite of the fact that we are all committed to no age discrimination, the fact is that those over 41 do have a much more difficult time finding employment.

And so we believe that until we have a better sense of exactly what is happening to this population, we are very frightened that a large percentage of them are, in fact, not employed and not easily employable.

Mr. GOODLATTE. Thank you. Mr. Cooney, how much are the States expected to spend next year?

Mr. COONEY. We are beginning and have in the past worked aggressively with many of these States to try to get this money expended, and I have just been informed that we are anticipating expending the full amount next year. We have an unusual situation in the sense that many States have made a complete commitment to us to serve all ABAWDs. Those States include Arizona, Delaware, Florida, Georgia, Washington, Minnesota, Mississippi, Nebraska and South Dakota. We also have pending agreements with New Mexico, Michigan and Texas. So we are optimistic that we will be expending these funds.

There is a delay, though, in terms of start-up in these programs, and it does take us awhile. We are very pleased that some of the largest States are making very good headway in this area.

Mr. GOODLATTE. How much money are we talking about for next year?

Mr. COONEY. For next year, \$115 million plus. We do expect—one of the things that I forgot to mention was that funds that are not expended this year, because they thought that this might be a problem, do carry over to next year; and so the total amount, including carryover, is \$210 million: \$115 million that we expect to spend in the next year, plus \$95 million from this year.

Mr. GOODLATTE. I have three goals for this legislation: to increase TEFAP commodity purchases by \$20 million, to prohibit more money than is needed from going into the Food Stamp Employment and Training Program, and to reduce the restrictions on the money going to the States for employment and training, namely the 80 percent rule. To that end, I remain flexible. I want to work with the Department to reduce the dependency and need for these programs.

I am concerned that you testified to the need for \$115 million for next year when, in point of fact, you are to get the \$115 million plus money left over from last year. Don't you agree that this is wasteful and exactly the type of policy that we need to eliminate, if we have the funding available to go ahead and fund it further?

Mr. COONEY. We have approached this problem in the WIC program all of the time. Members of Congress ask, how come you are carrying over money? Sometimes it is, the States couldn't spend it in a timely fashion because they didn't have all of the information and skills available to them. So, no.

I agree with your emphasis on the importance of TEFAP, but I don't agree that this is a wasteful program. All of the way through Government—this is not just the Deputy Administrator for Special Nutrition Programs speaking; I do the special nutrition program, I checked with people who did food stamps in Agriculture, the White House, OMB—they want to work with you to make this program work.

The real bottom line concern is that you have a group of people who are very needy, who don't have a lot of skills and very little

political support, and they have a time limit, a more severe time limit than other folks. If these work slots don't happen for them, they become hungry. We are very concerned about that.

We applaud your efforts on behalf of this valuable program called TEFAP, and we will work with you on any of these items to achieve your goal here. I would be disingenuous if I didn't say that this is very seriously considered not the way to go, all of the way up.

Mr. GOODLATTE. What is your stance on the elimination of the 80 percent rule?

Mr. COONEY. The 80 percent rule was designed to protect this population because there is always a temptation in the States to—and they have a lot of needs, as you have indicated. They may want to shift this funding, and the 80 percent was designed to help this very needy population.

Mr. GOODLATTE. Why is an able-bodied adult without children more needy than a mother of four who is receiving, if you divide the demand by the amount of money available, one-tenth the amount of money for employment and training, than an able-bodied adult male without any children the same age as that woman? Why is that fair?

And why would we want to sequester 80 percent of these funds for that purpose when these folks are not showing up at the welfare offices in the States, and the States would rather have the flexibility of using that money where there truly is a needy person who, to use your term, may not have a lot of political clout but deserves to have some assistance and truly is needy and without the ability to have the kind of flexibility to get ahead and help themselves that an able-bodied adult might have?

Mr. COONEY. I understand the reason, logic and passion of your argument. I am a former Legal Services attorney in a rural area, and I also happen to live in Virginia, and I have had 2,000 clients in 7 years as a Legal Services attorney. What I am telling you is that some of these people look like what people refer to as ABAWDs. These are people whose income is half the poverty level.

In northeastern Connecticut, a largely French Canadian area, people don't have cars. They don't have skills. Is it fair to be King Solomon to decide whether a mother with children or an ABAWD should get food stamp benefits?

The difference is that in one set of cases, within 3 months, these—ABAWD—people could be hungry. Also, TANF funds are available to the States to be used in the scenario that you are indicating.

Is 80 percent the exact number, that is, the number that was negotiated? Does the world end at 79, or is it different at 81? I don't think so. What I am saying to you, though, is that the needs of this population are different in terms of their background and income and the fact that in 3 months they are toast.

Mr. GOODLATTE. Thank you, Mr. Cooney.

Mrs. Clayton.

Mrs. CLAYTON. Thank you for your testimony. Let me just restate why we negotiated 3 months. Those of us who wanted to make sure that—and I can't speak for Mr. Kasich because he opposed the bill, but also those of us who are opponents to this bill said that was

so arbitrary and what you were doing was giving people 3 months to find a job, and then you would deny them food stamps for 3 years. That would mean that there would be no recourse whatsoever.

In the other programs, there are recourses, so the 80 percent rule really was—as a response, I surmise Mr. Kasich saying, well, here is a way in which we can have some relief from this arbitrary rule that, indeed, if they provide training and provide the slots, they would receive food stamps. In other words, they would have to work for their food stamps and go into training, or to have community service.

Now, if you remove those slots because you cannot identify all of those persons, the very nature of their characteristics would be that they have limited resources, have limited skills. They are not the most visible. I think Representative Hall said it best. He said the type of hunger that he is seeing is insidious. It is not in your face. You are not stumbling over people who are starving and obviously without food, but you are finding it in the long lines that are going to the food banks. In fact, without having this provision, I am of the opinion that you are going to increase the lines in food banks, not decrease them.

Now, I would agree with your three goals—to increase funding and to decrease funding for education and training; I would want to think at some point we can do that. I don't think that we have to say because we had said in 1997 that *X* number, amount of dollars, that go in there is absolutely needed, that we can't ever revisit that. Obviously, we ought to revisit things to increase as we think about TEFAP and to decrease.

But I would be slow to jump to eliminating a provision to save these people because we don't see them or they are not showing up. That would be the—I would think that we are really removing any safety net for the poorest of the poor.

Furthermore, there was a provision in the—that not later than 30 months after the enactment of the bill that we had in 1997, that the Secretary was to make a report to us. It would seem that at least we should have the benefit of a careful analysis before we make the judgment to remove the safety net of these millions of individuals.

And I know that we refer to them as men, and it is so easy for them to think of this whole population as being male, but it is not; there are also females, and there are people with some physical disability, psychological problems. For a variety of reasons they are not the most recruitable individuals for these training programs.

I think the States may need to do a more active job in trying to get them in. My own State has failed to do this program, and I have written my governor and Tony Hall has written his; and my understanding is that they are considering.

I can't say that they are in the mix. Do you know if North Carolina is in the mix? They were not last time.

Ms. PARADIS. We are still working with the folks in North Carolina.

Mrs. CLAYTON. Here again, if you eliminated this program, assuming that none of the people from North Carolina were there, simply because we were slow in enacting these programs, you have

removed the opportunity from the States to finally respond to those individuals.

I have been told, and perhaps we will get to this, that the rules for implementing these programs really need to be looked at; and perhaps some of the flexibility has to be dealt with in terms of regulations, how we implement the program and who has the authority to rewrite the program if you give the States enough flexibility that they can work with the programs and have the opportunity to do that. Again, my understanding is that the DOL writes the rules for these programs, not Agriculture, so—is that true?

Ms. PARADIS. No, for this particular program that we are talking about here, it is the responsibility of the Department of Agriculture.

Mrs. CLAYTON. Then you have the opportunity; so I don't need to look to Labor, I need to look to you. There is some flexibility. There is a need for greater flexibility, but that is not to suggest that we ought to eliminate the appropriation for it.

Now, the other part, and then I will let you go, you said that you had \$80 million this year in the program; is that correct?

Mr. COONEY. No, we expect to spend \$120 million in 1998.

Mrs. CLAYTON. You can't spend it without appropriation?

Mr. COONEY. We have \$115 million available.

Mrs. CLAYTON. Because of some carryover? How did you get the \$115 million?

Ms. PARADIS. I think the numbers you may be referring to, Ms. Clayton, are they the TEFAP numbers?

Mr. GOODLATTE. I am thinking about TEFAP, right.

Ms. PARADIS. I am sorry.

Mrs. CLAYTON. The authorization first was \$100 million. This year alone, the Senate has said \$80 million. The House has said \$90 million. I want to know how you get the \$115 million.

Mr. COONEY. I thought you were talking about E&T. We are in a bind here. The agriculture appropriations folks hope to wrap up this week. But TEFAP money, mandatory spending is kind of an unusual definition. Mandatory spending is \$100 million, and it is defined as \$90 million in one body and \$80 million in another, but we will have to wait for the results of that conference, so I think the TEFAP spending, will be down.

Mrs. CLAYTON. I think if it said mandatory, it should be the \$100 million, but I don't know how you get the \$115 million. Help me.

Mr. COONEY. We don't have \$115 million. I thought you were talking about—

Mrs. CLAYTON. I am thought in response to the chairman you said—he asked how much money you plan to spend—you said \$115 million.

Mr. COONEY. That was on the employment and training program.

Mrs. CLAYTON. I am sorry.

Mr. GOODLATTE. I thank the gentlelady.

The gentleman from Arkansas, Mr. Berry.

Mr. BERRY. What happens to this money if it is not spent?

Mr. COONEY. It can be reallocated from one State to another. You will have some aggressive States. I made my personal reputation on reallocation of WIC money when I was in Connecticut. We spent all the money that California should have spent, and as a result

we have a full caseload there, and they do not. This could happen here, but you can reallocate those funds.

Mr. BERRY. But if it is ultimately not spent, what happens to it?

Mr. COONEY. It returns to the Treasury.

Thank you.

Mr. GOODLATTE. Thank you.

Mr. Cooney, what are the exemptions for the work requirement established in the welfare reform bill?

Mr. COONEY. I don't have those listings with me, but I would certainly be glad to either have someone on my staff respond to you immediately, or we can submit it for the record. But I administer the TEFAP program. That is why we are exchanging information here among ourselves on food stamps and the TEFAP.

Ms. PARADIS. Can I just clarify, Mr. Chairman? You are talking about the exemptions in the context of the E&T program for the ABAWD population.

Mr. GOODLATTE. For which waivers can be granted, which leads to my follow-up question. You can answer that one.

Ms. PARADIS. In areas within a State where unemployment levels are above 10 percent, or if it is determined that there are insufficient jobs, those locations themselves can be exempted from the work requirement.

Mr. GOODLATTE. That addresses the concern, for example, described by Congressman Hall when he testified about areas where there are simply no jobs, and there is a very high unemployment rate, and a lot of people are unable to receive assistance. All of those can be waived under those circumstances.

Ms. PARADIS. Certainly some part of that can be addressed by the waiver authority. It is at State option, so some States have chosen to be very aggressive in determining where within their State this particular situation presents itself. Other States have chosen not to seek any waivers, and there may be smaller pockets within an area, and the legislation doesn't contemplate going to those very small pockets. Although that is a step to address this particular concern, it is not so comprehensive that it gets to all of the folks who might be facing that situation.

Mr. GOODLATTE. How many waivers have you granted?

Mr. COONEY. Mr. Chairman, I have a brightly colored chart here that answers that question. I would be glad to leave it with you, and you can either introduce it into the record as you deem relevant, but in extensions alone, we have 39.

Mr. GOODLATTE. Thirty-nine of the 50 States have obtained waivers?

Mr. COONEY. Yes. In other words, they had waivers, and they asked them to be renewed, and we renewed them. There are only 10 States without waivers.

Mr. GOODLATTE. Then what is the percentage of the caseload that is exempt from the work requirement?

Ms. PARADIS. Our figures indicate that in 1998 it is approximately 30 percent of this population.

Mr. GOODLATTE. That would explain some of the reduced demand for these findings. I take it you are all in agreement that we do want to increase funding for the Emergency Food Assistance Program to help food banks who are well-represented behind you?

Mr. COONEY. We love TEFAP, and we are certainly going to remain here to hear the testimony of all the other witnesses as requested. Some of our staff will not leave. I will remain. But TEFAP, like all the other programs, is part of our budget process. We are reviewing that now. That is why this hearing is of great interest to us. We regard TEFAP as a very important program, but we are not on the record at this point of recommending any increases in any other program. We make those recommendations the first Monday in February as part of the President's budget. He proposes, and Congress, obviously, disposes.

What you have from us today is our personal and professional commitments to work with you on whatever the committee deems relevant as a priority, but I am not at liberty to support any increase in any program today.

Mr. GOODLATTE. We do thank you for your enthusiasm, if not your definite commitment there. We will plow ahead, and we thank you very much for your participation today, both of you, and you are welcome to stay to hear the other witnesses.

At this time we please invite our third panel to the table: Mr. William Waldman, the executive director of the American Public Human Services Association; Mr. Doug O'Brien, director of the public policy and research for Second Harvest; Ms. Pamela Irvine, director, Southwestern Virginia Second Harvest Food Bank; Mr. Rick Gresser, president of the American Commodity Distribution Association; and Ms. Emily Katz, vice-president of the California Emergency Foodlink.

I would like to welcome all of you and tell you that your written statements will be made a part of the record, and we would be pleased to receive your testimony, starting with Mr. Waldman. Welcome.

**STATEMENT OF WILLIAM WALDMAN, EXECUTIVE DIRECTOR,  
AMERICAN PUBLIC HUMAN SERVICES ASSOCIATION**

Mr. WALDMAN. Thank you, Mr. Chairman. Good morning. And also good morning to the distinguished members of your subcommittee. I am William Waldman, executive director of the American Public Human Services Association, formerly known as the American Public Welfare Association. I am testifying today on behalf of the State public human service administrators. As those who implement national assistance programs, including the food stamp program, I believe we have the highly relevant point of view to add to the subcommittee's deliberations, and we really appreciate this opportunity to testify.

We are pleased to share our summarized views today on the Emergency Food Assistance Enhancement Act of 1998 and on some related and very urgent concerns we have about the food stamp program. Our organization, APHSA, strongly supports language in this act that would remove restrictions on food stamp, employment and training program funding that were enacted as part of the Balanced Budget Act of 1997. That law added substantial new Federal work slot funding for the ABAWDs, or able-bodied adults without dependents, but would require that 80 percent of the State's education and training allocations, both new and existing funds, must serve this particular group.

The welfare reform changes enacted in 1996 imposed strict new work requirements on this group, the ABAWDs, leading to the subsequent concern that they could not find enough work to avoid losing their food stamp benefits. The Balanced Budget Act sought to remedy this fear by boosting E&T funding and setting aside most E&T funds to create ABAWD work slots that have left only 20 percent for education and training services to the vast majority of other recipients.

In fact, what has happened, the number of ABAWDs on food stamp rolls has declined sharply, even more dramatically than the overall food stamp rate. Although it is not completely clear what has happened to this group, it seems certain that both the strong economy, the proliferation of jobs, and new Federal work requirements have played a major role in reducing the ABAWD caseload.

The dramatic decline has meant that much of the 89 percent set-aside funding is going unused, while at the same time States can only access a fraction of their education and training allocations for the non-ABAWD cases, families who are in serious need of ABAWD assistance—serious need of assistance in education and training activities. Many States have had to curtail education and training to those families, a most unfortunate development that contrasts sharply with States' success elsewhere in the welfare-to-work front.

This is why our organization has repeatedly called for the removal of the 80 percent ABAWD restriction, which events have proved is not justified. We must remove the restriction now and give the States the flexibility they need again to serve all food stamp recipients who can benefit from these services.

My judgment as a former State commissioner is that States will do the right thing when you release this restriction.

I just want to take a moment also to highlight some other very important food stamp reforms that States have identified, proposals that would allow us to continue serving needy families while reducing the administrative burden or cost of doing so. Two prominent examples are the following:

It has been ruled that kind of diversion payments—many States, as you may be aware, are mounting prevention programs that prevent people from going on assistance in the first place. And as part of those programs, sometimes they will give a lump sum payment to fix an automobile or something of that nature, but the rules still provide that that type of payment may be counted as income for food stamp purposes, depending upon the nature of it.

States believe that any type of diversion payment along with other assistance clearly designed to help households achieve self-sufficiency must be exempted from countable income so that food stamp reductions will not counteract our efforts to support welfare-to-work households. Families who may lose food stamp assistance under the current policy can unfortunately find themselves unable to continue making the transition toward self-sufficiency.

Another point. The elimination of food stamp eligibility for most immigrants in the 1996 welfare reform law and subsequent restoration for some effective this coming November 1 has created an extraordinary administrative burden on States. While the benefits are certainly welcome, these changes once again require substantial revisions of eligibility, of policy, of training, of information tech-

nology. Administrative burdens may also help create an artificially high food stamp quality control error rate.

Policy options to simplify the program we think don't go far enough to help with these and other numerous changes and additions to the food stamp law and regulations. All these have increased State administrative burdens and costs unnecessarily and come at a time when States will be losing administrative funds because of recently enacted funding reductions in the agriculture research law.

We also need changes in a few other areas. Many successful welfare reform waivers that were approved well before the 1996 welfare reform law incorporate food stamp provisions, but right now we have a strict year-by-year interpretation of the cost neutrality component, which has resulted in the termination of some States' waivers. We believe that successful waiver program—the successful waiver program should be judged on overall effectiveness, counting the savings on the welfare side as well as the food stamp side.

The food stamp quality control system still focuses somewhat on rigid compliance with detailed payment accuracy requirements that don't take into account what is actually happening in the caseloads, which is exciting. A lot of people are leaving for employment. More and more people are getting employed than ever before.

I want to also thank you, Mr. Chairman, for the opportunity to address you on issues of concerns to us. We look forward to working with you to develop the statutory changes we think are necessary to help us ensure those needy families that require food stamps get them and the program is cost-effective. I also want to note how pleased I am with the positive working relationship we have established with the Department of Agriculture's FSM staff on expressing and venting and negotiating our concerns about the program.

I appreciate the fact that you are going to hold my full testimony, which had some charts and graphs about actual experience, in the record. I would be pleased to answer any questions you may have either now or later. Thank you.

[The prepared statement of Mr. Waldman appears at the conclusion of the hearing.]

Mr. GOODLATTE. Thank you, Mr. Waldman.

At this time we are pleased to welcome Mr. Doug O'Brien.

Mr. O'Brien, we have worked with you to promote and support food banks across the country. We are delighted to have you back with us again today.

#### **STATEMENT OF DOUG O'BRIEN, DIRECTOR OF PUBLIC POLICY AND RESEARCH, SECOND HARVEST**

Mr. O'BRIEN. Thank you, Mr. Chairman.

Good morning, Mr. Chairman and Congresswoman Clayton. I am Doug O'Brien, director of public policy and research at Second Harvest, the national network of food banks. I bring greetings from Sister Christine, who is now prioress of her order at Mount St. Benedict in Pennsylvania.

I am pleased to be here today to discuss the Emergency Food Assistance Act of 1998 and the legislation's potential impact on food banks and the needy Americans they serve.

On behalf of Second Harvest, I want to express our deep gratitude for you and your long-standing commitment to the needs of the private charitable sector and our efforts to feed America's hungry. I can say with certainty that America's food banks have more nutritious, higher quality and greater quantities of food because of your work and concern for America's hungry and the food banks that serve them.

Second Harvest is the Nation's largest hunger relief charity, a network comprised of nearly 200 regional certified affiliate food banks, including the food bank of Southwest Virginia testifying here today and the Blue Ridge Area Food Bank represented by Mr. Grasty, who is in the audience. Cumulatively, our network has provided more than 1 billion pounds of food and grocery products to approximately 46,000 local charitable agencies operating 95,000 feeding programs in all 50 States and nearly every U.S. county.

In 1997, through the generosity of private donations, the grant of Federal commodities through USDA, our network provided food to an estimated 26 million low-income Americans, including 21 million that were aided at emergency feeding sites, such as soup kitchens, food pantries, and emergency shelters.

Six months ago, Second Harvest released "Hunger 1997: Faces and Facts" in this room and under the generous auspices of this committee. This research documented the nature and scope of the charitable response to hunger, and we are grateful to Mr. Goodlatte, Mrs. Clayton, and Mr. Hall for their efforts to bring attention to what the research findings were.

What those findings included in part, and what hopefully drives this legislation in part, is that food banks and other charities serve a disproportionately higher percentage of women, children and elderly people at emergency feeding sites than are represented in the general U.S. population. They are particularly vulnerable populations and often are the poorest of the poor, with more than 86 percent with incomes below the Federal poverty level and more than 11 percent with no income in the past month at all.

We also find more working poor families being served at food banks, food pantries, and increasingly those families are being fed at soup kitchens which were once almost exclusively utilized by homeless people. Working households now represent nearly one-third of all emergency food recipients nationally, and I believe in some communities, as Ms. Irvine will testify, it is a much higher percentage.

To meet the short-term emergency needs of low-income, hungry Americans, food banks have become an essential component in the public-private partnership which has emerged in local communities. In our role in the emergency food network, Second Harvest distributed approximately 1.2 billion pounds of food to local charities, with an estimated dollar value of 1.5 billion in 1997. More than 85 percent of all the food and grocery products distributed through our network is provided by private sector donations.

Second Harvest currently has more private sector donations, 500 national companies and hundreds more at the local level, than any other time in our organization's history. Yet despite this widespread support, private donations of food have not kept up with the demand for emergency food assistance.

In the research we released in this room in March, we have found a substantial shortage of emergency food aid in the charitable sector. Our research findings have been confirmed by other charitable social service organizations which have experienced a similar shortage in emergency food. Catholic Charities U.S.A. reported in December the number of people receiving emergency food assistance through their programs rose to 5.7 million, and the number of meals served in their soup kitchens rose from 12.8 million in 1995 to 13.5 million in 1996. Similarly the U.S. Conference of Mayors annual survey of hunger and homelessness found that emergency assistance was up 16 percent in 1997, and emergency feeding agencies were forced to turn away 1 in 5 individuals in the city surveyed.

Mr. Chairman, the depth of the emergency food shortage is profound and provides a compelling argument for the legislation. We estimate that in 1996, approximately 16 percent of requests in our network for emergency food aid went unmet. Nearly half, 45 percent, of all local agencies reported they were forced to stretch food resources in the past year. Emergency food pantries experienced shortages most often, with nearly 60 percent reporting they had to stretch food at sometime in the past year and 17 percent responding that they had to stretch food resources monthly. Local agencies reporting a need for additional food resources were asked to estimate the amount of food they needed. Based on those and a national projection, we come to a shortage of 900 million pounds.

The worst, Mr. Chairman, local charities can no longer stretch resources and are forced to operate on a sort of triage system, serving only the very most needy, or the charity simply closes. A median number of 20 people were turned away last year by those food programs lacking sufficient food resources to serve them. At least 115,000 people were turned away and denied emergency food assistance because the local charity had no food available in 1997. And if we are to use the average, rather than the median, the number would jump to 780,000, the size of a decent city across the country.

Because I am running out of time, Mr. Chairman, I hope the remainder of my remarks will be added. I want to add one last thing about TEFAP, and that is particularly now as this committee grapples with the issues of farm support and farm economies, TEFAP is a program that does provide significant farm support for the size of the program. To the people that need it in our rural communities, it feeds hungry people, and it helps farmers with their farm income.

I would ask that the 1994 USDA Economic Research Service report comparing the Emergency Food Assistance Program and food stamp program be included in the hearing record. I realize that it is somewhat dated, but it has, I think, very good information for the subcommittee. Thank you.

[The prepared statement of Mr. O'Brien appears at the conclusion of the hearing.]

Mr. GOODLATTE. Without objection it will be included in the record. Thank you, Mr. O'Brien.

It is now my pleasure to welcome Ms. Pamela Irvine, the director of the Southwestern Virginia Second Harvest Food Bank.

Ms. Irvine, before you begin your testimony, I would also like to recognize another director from my congressional district, director of the Blue Ridge Food Bank, Mr. Phil Grasty.

Phil, will you stand up so they can see who you are. We are delighted to have you here today as well.

Ms. Irvine, we are definitely delighted to have you here to offer your testimony. I have had the opportunity to tour both of your food banks on more than one occasion, and I commend you for the great work that you do.

**STATEMENT OF PAMELA IRVINE, DIRECTOR, SOUTHWESTERN VIRGINIA SECOND HARVEST FOOD BANK**

Ms. IRVINE. Thank you, Mr. Chairman.

Good morning, Mr. Chairman, Congresswoman Clayton and friends. Thank you for the honor of addressing this group this morning.

The role of the Southwestern Virginia Second Harvest Food Bank and all the other Second Harvest food banks across the Nation is to increase the capacity of the community to cost-effectively serve greater numbers of hungry people by recovering and distributing donated food.

Our food bank is the only supplier of donated food for over 412 nonprofit charities in a complex 26-county, 11-city, predominantly rural Appalachian area. The population we serve comprises a mix of both inner-city and rural poverty.

In addition to the main facility in Roanoke, branches located in Abington, Covington, and a subsidiary distributing organization in Galax make it possible to serve this large area of the State.

The food bank acts as a food clearinghouse for nonprofit charities that distributes free packages of food or serve emergency meals to those in need. Since 1981, the food bank has served as the only distribution source for emergency donated food for an area that contains the 10 poorest counties in Virginia.

Many children and families in parts of southwestern Virginia live in poverty that we believe exists only in other countries, some in the inner cities and others in rural Appalachia, but sadly in some cases donated food is often their only source of regular nourishment, and the situation is getting worse. A recent study shows that the number of children living in poverty in Virginia rose 34 percent from 1989 through 1993.

Recent reports of decreased unemployment rates, 3.1 percent, does not address the fact that many are working in minimum wage jobs and have not escaped poverty. It also does not address counties that we serve with 1998 unemployment rates of 14.4 percent, such as Buchanan County.

The food bank participated in a recent national hunger study commissioned by Second Harvest. The information in our service area was particularly grim compared to the national level. For example, of those surveyed, children in southwest Virginia are twice as likely to miss meals than those on the national level. This is due to the lack of food or the means to buy food. Females are overrepresented at 81.5 percent versus 62 percent nationally. Household incomes of less than 15,500 are indicated in 97 percent of the households surveyed, while only 86 percent on a national level. Eth-

nically, 65 percent of those surveyed were white, and 35 percent were black.

Opportunities to achieve employment paying a livable wage in their area are minimal and competitive. Business closings such as coal companies, bakeries, sock factories, clothing manufacturers and others have reduced the already sparse employment opportunities in this rural area. Other factors such as day care, transportation, job training and distance contribute to the poverty in this area.

At some of the food pantries, families travel together in a pickup truck to have access to the emergency donated food that helps them to get by.

In order to achieve this hunger mission, thousands of volunteers from our communities spend thousands of hours each year picking up donated food at the food bank and distributing it to the needy in their communities. Others serve on our board, assist our staff in the warehouse, help with building repairs, and one man devotes his time cutting the grass each week.

In 1997, the food bank distributed 6.3 million pounds of food, an increase of nearly 2 million pounds over the previous year. We distribute 34 percent of the State's USDA commodities, serving an average of 17,119 individuals per month.

Donated food from manufacturers is shrinking. Combined with improved technology, the number of production areas and inventory overstocks that previously made up core food donations are shrinking. The gap in food availability for the hungry must therefore be augmented. Programs that recover produce and prepared food that previously would have ended up in the landfills have been implemented. Gleaning projects with regional farmers also help to fill the gap. Strong ties with the private sector, such as wholesale and retail food companies, food brokers and eating establishments that support our hunger mission, bring food donations and periodically large donations whenever possible.

The good news is we think welfare reform is working, but the transition will take some time. The recent hunger study shows that 61 percent of those that need occasional emergency food assistance are working full time. Their wages are low, and their skills are limited, but they are working hard toward their goal of total self-sufficiency. The food bank is participating in the welfare to work program to teach individuals the expertise of working in and managing a warehouse to equip those in need of occasional assistance with the skills to extract them from the poverty level.

Yet with poverty and hunger increasing, and we hope this is only temporary, the need for the TEFAP is vital to help families get back on their feet or to assist them in temporarily stretching their food budgets. With the private sector pitching in, the food bank's commitment to ending hunger, devoted volunteers, church and other nonprofit charities, completion of a successful partnership that would greatly impact the hungry and their communities would be increased TEFAP USDA commodities that bring a consistent variety of nutritious food for children, their families, the ill and the elderly in Virginia.

The USDA commodities helped to judiciously balance the availability of donated food to an area with a high rate of poverty and

fewer manufacturers and retailers for food recovery opportunities. We support the increase in TEFAP funding so that the hungry in southwest Virginia will not be turned away without sufficient food. Thank you.

[The prepared statement of Ms. Irvine appears at the conclusion of the hearing.]

Mr. GOODLATTE. Thank you, Ms. Irvine.

We are now joined by Mr. Rick Gresser, president of the American Commodity Distribution Association.

Mr. Gresser, welcome.

#### **STATEMENT OF RICK GRESSER, PRESIDENT, AMERICAN COMMODITY DISTRIBUTION ASSOCIATION**

Mr. GRESSER. Thank you.

Good morning, Chairman Goodlatte and Representative Clayton. I am Rick Gresser, president of the American Commodity Distribution Association, also known as ACDA. I am very pleased to be here to talk about TEFAP today. ACDA is a nonprofit professional trade association devoted to the improvement of the USDA commodity distribution system. Our members include State agencies that distribute USDA-distributed commodities, agricultural organizations, recipient agencies, and allied organizations such as my colleagues, Ms. Katz and Mr. O'Brien.

In addition to being active president, I work for the State of Texas Department of Human Services and manage the food distribution program there. We distribute about 150 million pounds of food annually to TEFAP, the National School Lunch Program and others that are eligible.

I would like to start off today by commending you for your commitment to TEFAP and the other programs that are part of USDA's system. The subcommittee has a long and honorable history of supporting these programs, and you are continuing the tradition of past chairmen, such as Congressman Leon Panetta, Congressman Stenholm from my home State, and the late Congressman Bill Emerson.

It is my sincere hope that your proposal to increase commodity purchases for TEFAP will be enacted into law. TEFAP is in desperate need of this increase as well as stability in the funding level. We have already heard today the so-called mandatory funding that was supposed to address these fluctuations is anything but secure.

Even though the level of commodity purchases has fluctuated over the years, one aspect of the program has been growing, and that is the demand for TEFAP commodities. To combat this problem, several States, such as Pennsylvania, Massachusetts and Ohio, provided additional funding, State funding, for commodity purchases because the need was so great.

This increase in demand that we discussed that you have heard testimony already poses an interesting paradox. By having one of the best economies in a generation, the need for this emergency food assistance continues to grow. And it is not just hungry Americans that are missing out here, a significant number of America's farmers are not reaping the benefits of our Nation's economic success.

I mention this because it ties into an often overlooked but very important function of TEFAP, which is to support the farm prices. TEFAP commodity purchases, like all of USDA's food assistance programs, have a dual role. These purchases enable USDA to provide nutritional assistance to needy Americans while at the same time providing much needed assistance to the agricultural community by supporting farm prices.

While other food assistance programs are much larger, the importance of TEFAP commodity purchases should not be overlooked, because they have a more direct impact on the bottom line of producers. According to USDA's Economic Research Service, producers receive between 27 and 85 cents of every dollar expended on TEFAP purchases. By way of comparison in the food stamp program, producers receive less than 7 cents of every food stamp dollar.

The agricultural community in general has long recognized the importance of TEFAP and has been a strong supporter in our fight to maintain the program's funding. This commitment to the community has been magnified due to the U.S.'s commitment to reduce subsidies for domestic agricultural producers under international trade agreements. TEFAP falls into a category, what has become known as Green Box programs, which are exempt from these commitments and allow the United States to support domestic producers by purchasing food for distribution to needy Americans.

In addition to increasing commodity purchases as you have suggested in your bill, I would like to suggest two technical no-cost changes to TEFAP that would make the program easier to operate and more efficient. You have heard a number of discussions about flexibility, and there are opportunities for TEFAP for this as well. First I would suggest changing the statute to allow States to carry over a portion of their administrative funding for one fiscal year to the next. This is necessary to pay for distribution of food that is purchased by USDA in one fiscal year, but not to deliver to States until the first quarter of the following fiscal year. This problem has been resolved for other nutrition programs, such as the School Lunch Program. It continues to offer a barrier in some States to effect the administration of the program.

I would also like to recommend that Congress authorize USDA to act as a purchasing agent for those States that supplement their TEFAP programs. As I mentioned earlier, a number of States are using State funds to go along with the Federal appropriation, and if the Department could act as purchasing agent for these States, it would allow them to piggyback on USDA's enormous buying power and receive more product for their limited dollars. Currently we have a provision similar to this that is available to States as part of the National School Lunch Program.

The final point I would like to address is the overall state of USDA's commodity distribution system. The USDA, through State agencies such as mine, distributes nearly 1.5 billion pounds of food a year. One of the strengths of this system over time has been our ability to move these commodities efficiently. These efficiencies are dependent on one primary factor, and that is volume; not the dollar value, but the number of cases of product that flow through the system. Over the past 10 years, the volume of commodities distrib-

uted has decreased significantly while our costs for operating distributions have increased. As a result it is becoming difficult for many States to maintain an effective distribution infrastructure.

My own State of Texas, for example, we cannot find a private sector distributor to deliver USDA commodities in much of west Texas because the volume has dropped to the point where it is not cost-effective for them. This has caused a number of problems. Schools in that area have to drive in some cases a hundred miles or more to a public warehouse to pick up their commodities. I cannot offer them a delivery system in that part of the State.

The decrease in TEFAP commodity purchases as proposed by the appropriation committees is one of the factors that affects volume. There are a number of others as well. The most significant, though, is a reduction in the volume of commodities that USDA purchases under their surplus removal programs, which we call bonus commodities. Compounding this problem is a USDA-supported effort to reduce the level of commodity assistance provided through the school lunch program. The Department's proposal, which was attached to the Senate version of the fiscal year 1999 agricultural appropriations bill, would require bonus commodities to be counted toward meeting the statutory requirement that at least 12 percent of the assistance provided through the National School Lunch Act be in the form of commodities.

You may recall this subcommittee crafted the 12 percent provision in 1994 to strengthen the commodity system. In my opinion, USDA's proposal was a serious mistake and would further erode the effectiveness of our distribution system. On a per-student basis the proposed cut would be very small; however, the overall impact on the system could be disastrous. The latest estimates indicate that this decrease would be approximately 79 million pounds of commodities for the school lunch program. This would amount to a 5 percent reduction in the total volume of commodities. The impact of this reduction would be magnified by the fact the USDA has administratively reduced the commodity reimbursement rate for the current school year, which adds approximately another 1½ percent cut to our volume.

In addition to volume, there are a number of other issues that need to be addressed in order for the commodity system to continue to be an effective vehicle for distribution of USDA commodities. Without the overall system in place, it would be impossible for programs such as TEFAP, disaster assistance and the surplus removal program to survive. To its credit, USDA is attempting to address these problems. At the Department's request, ACDA developed an issue paper that outlines a number of areas we believe need to be addressed, and a copy of this was attached and is in your material there.

Just a few months ago, schools in the State of Colorado wrote USDA Under Secretary Shirley Watkins asking that they be allowed to receive commodity letters of credit, or CLOC, through the school lunch program rather than USDA commodities. I believe this letter is only the first of others that are likely to surface across the country and should not be ignored. I am hopeful that the Department will continue its efforts to work with my organization, the American School Food Services Association, and other interested

parties to improve the commodity distribution system and resolve the problems that are frustrating recipients such as those schools in Colorado.

Mr. Chairman, thank you again for the opportunity to testify, and I would be happy to answer any questions you may have.

[The prepared statement of Mr. Gresser at the conclusion of the hearing.]

Mr. GOODLATTE. Thank you, Mr. Gresser. And our final witness we are delighted to have with us, Ms. Emily Katz, who is the vice-president of California Emergency Foodlink.

Welcome, Ms. Katz.

#### **STATEMENT OF EMILY KATZ, VICE-PRESIDENT, CALIFORNIA EMERGENCY FOODLINK**

Ms. KATZ. Thank you, Mr. Chairman and Representative Clayton. California Emergency Foodlink is an organization that provides TEFAP commodities and privately donated goods to 2 million people a month in the State of California distributing a total of 65 million pounds a year, so it is a substantial slice of TEFAP. And I want to give you in 5 short minutes 4 good reasons to increase TEFAP funding.

First, we have an increasing need. Across the State of California, 27 percent of children are going to bed hungry. They don't have enough food in the house to get three square meals a day all month long. And then 33 percent of their parents are skipping meals so that there is enough for their kids to eat. It is a total of 60 percent of the people who are coming to us for food are experiencing hunger. Of the agencies that are delivering food to them, they are seeing a 14 percent increase in demand; 14 percent more people are coming to them for food now this time this year than they were this time last year. And the agencies that do not receive TEFAP commodities because there isn't enough TEFAP to go around to all agencies are running out of food. So TEFAP is an important foundation, and there is not enough of it to serve all the agencies.

Second, despite the doubling of bonus and the incredible supplies of chuck roast, and frozen turkey breast, and the frozen chicken, and ham, and ground lamb and incredible things that came to us through bonus and doubling the amount of food that we had, there still wasn't enough food to expand the program to other agencies in the State.

In Sacramento, San Bernardino, and many other counties across the State, they are not signing on any new agencies for TEFAP. They are boosting the solicitation efforts at the local level, trying to get more donations, trying to get more food, but it is not increasing the supply that we have at the private level.

Some of those counties like Tulare have a 27 percent unemployment rate, so the economic successes that we have in many parts of the country are not affecting every single county.

Many of the agencies would like to be able to expand their services to better serve the working poor. People who are leaving welfare and joining the work force can no longer go to food closets from 8 to 3 when they are open. The food closets would like to expand their hours so that people who are working but not yet earning enough to feed their families could go and pick up supplies in the

evening, but they don't have enough additional food to expand their hours to serve more people.

And we are really scraping the bottom with our donations. We are scratching at every corner where we can find them. We are finding that we are better tapping the private donations of fresh farm foods, which are an incredible supplement for TEFAP, but not the basic staple commodities that TEFAP provides. Those are important as beans and rice and macaroni and the basic things that you need to make a meal. The stuff we are getting with great abundance and great success from private donors, peaches, and plums, and nectarines, and salad, and broccoli, and onions, and peppers and wonderful fresh produce is only a supplement, a wonderful nutritional supplement, but it doesn't form enough of a foundation for the program.

Third, we get an incredible value for TEFAP. For the \$30 million of purchased food that came into the State of California, we matched that pound for pound with 30 million pounds of food, we matched that with 30 million pounds of privately donated food. For every pound of TEFAP that USDA purchased in the State of California, we pulled a pound of private donations into the system. It is a very good value for a Government program.

We distributed all of that for free. Every single county in the State got fresh produce and TEFAP commodities delivered to their door for free to get out to agencies. And we did it for less than 3 cents a pound.

And fourth, TEFAP is the bedrock for our private donation system and for a major job training initiative. In California, TEFAP has been integrated with the major welfare-to-work initiatives, so at Foodlink we are now partnered with various other people in the education sector to provide job training for people to get into the trucking industry, people leaving welfare to get into good-paying, \$28,000 to \$32,000-a-year trucking jobs. We are training people who are homeless and who are on welfare to join the electronics technician industry.

And how is this linked to TEFAP? How is job training and trucking and electronics linked to TEFAP? Actually in several ways. Firstly, those people who are leaving welfare get the training and get their licenses to become class A drivers, then spend several months delivering TEFAP commodities in our trucks out to agencies. Then we get free drivers. They get the experience on the road that no other training programs in the State provide, and they get that good feeling of delivering TEFAP where it is needed.

Second, with the people we are training to be electronics technicians and computer repairers, the computers that they repair are donated to nonprofit agencies that help deliver TEFAP and to schools where children will work on them. So TEFAP is very well-integrated both in the welfare-work side of things and the job training side of things, and in being a valuable assistance program for people.

I just want to in closing say that H.R. 4571 is an important authorizing vehicle, but we would like to see a simultaneous increase in appropriations proposed for the fiscal year 1999, something to bring back the reduction that—in fact, the increase that you proposed. And I did have some comments on the employment training,

since we are heavily involved in that, about some of the obstacles and barriers that we are faced.

It is a very difficult program to implement. I think your assessment about its spotty success is actually quite true from our first-hand experience. Not that it is not needed and not that those people don't use it, they face tremendous barriers. Many of them are felons, tremendous difficulty entering the work force. Many of them have no phone. They have no address. People show up to work all the time, they say things like, my daughter burnt my house down last night, so it is going to be hard for me to come to work. They have got just these incredible personal stories that are creating great barriers. So I would like to see that program better implemented to better serve those needs. They are having a tough time doing it now.

So thank you very much.

[The prepared statement of Ms. Katz appears at the conclusion of the hearing.]

Mr. GOODLATTE. Thank you. That certainly beats the dog ate my homework. Ms. Katz, I thank you for your testimony.

Ms. Irvine, both you as well as Mr. O'Brien, I think, make a very strong case for food banks and the way in which they operate far more than just giving a bag of groceries to somebody. It is reaching out and helping them with a whole host of other problems, including getting jobs and neighbors, interested neighbors, and helping them with other problems that their families might have. So the impact that food banks have in terms of community involvement in helping people in need is really immeasurable in terms of the benefit to the community. That is why I so strongly support it as opposed to impersonal programs that are run from the top down and emanate from Washington.

Mr. Waldman, let me ask you, since obviously the employment and training funding has gotten some attention here today, how much did Texas spend on employment and training funding before the 1997 Balanced Budget Act was enacted?

Mr. WALDMAN. I don't have the actual expenditures, Congressman. I do have their allocation amount for the entire year, and I could supply that for the record. I believe I can get what you are asking and supply it for the record.

Mr. GOODLATTE. That would be good.

Maybe you can tell me how much Texas spends now on non-abled adults with dependents in employment and training programs.

Mr. WALDMAN. My numbers indicate that of the original \$81 million, their share, their allocation, is about \$6.2 million. The extra addition, which this current bill would eliminate, would have provided an additional \$10 million for a total of \$16 million, but I suspect the actual expenditures are considerably less given the restriction that they have to spend 80 percent of it on the ABAWDs, because they experienced a dramatic drop in the ABAWD population.

Mr. GOODLATTE. Can you tell me how much was actually spent on ABAWDs?

Mr. WALDMAN. I can get you that information. I don't have a detailed expenditure with me.

Mr. GOODLATTE. Would it be safe to say that the 80 percent mandate for employment and training programs for able-bodied adults without dependents is taking resources away from everyone else?

Mr. WALDMAN. Yes, it is. It is constraining. It is not responsive to the need that is involved and the actual facts that are emanating from this program.

You asked about Texas. Texas experienced a 19 percent drop in their food stamp caseload generally, but their ABAWD population dropped almost 60 percent.

Mr. GOODLATTE. Sixty percent?

Mr. WALDMAN. Fifty-nine percent, yes.

Mr. GOODLATTE. That is good news.

Mr. WALDMAN. Yes, it is.

Mr. GOODLATTE. In your position, do you see a review of any employment and training plans that the States submit to the USDA for approval?

Mr. WALDMAN. No, I don't see the review, but I know they are in the process of being submitted right now, and USDA is reviewing a number of them.

Mr. GOODLATTE. Is it unusual for the States to not spend the money that they predict in their plans?

Mr. WALDMAN. Generally the States adhere and perform based on the plans, but again, in this case, the plans are dependent with the restriction on a sufficient number of ABAWDs in the present population and spend at the level that their plans provide. Many States have plans. In the event we have this level of population to serve, we can spend it in the following appropriate ways, but again, it is dependent on the population.

I also note the States only get paid when they make a placement effectively as well. So it does put a very serious restriction that doesn't reflect the actual flow of the population, who they are seeing now and who is expressing need.

Mr. GOODLATTE. Thank you.

Mr. O'Brien, how are commodities purchased under TEFAP?

Mr. O'BRIEN. Well, through USDA? The Department, it is my understanding, sends out bids, right, Ed? And they go ahead and make them available, essentially a laundry list, nearly two dozen this year, of different types of commodities are made available. They also work to get bonus commodities.

Really the Department needs to be commended for that. We work very closely with Secretary Glickman and Under Secretary Watkins to identify when there was a beef surplus, as there was this spring and summer, to work with the National Cattlemen's Beef Association to get that product. So USDA purchases the product, makes it available to States. I understand it is a competitive process except in the case of bonus, which the Secretary uses his surplus removal authority, and then USDA has been very good in asking food banks, can you use this.

Beef, by the way, is much more valuable to us than would be things like dried white figs, though we appreciate those, and I actually have a list of all the different commodities that the Department has purchased which we can make available.

Mr. GOODLATTE. We'd be happy to make that part of the record.

Can you quantify in dollar figures the existing need of food banks?

Mr. O'BRIEN. Well, dollar figures would be hard. I could give you pounds: 900 million pounds is what—when we did our survey, 12,000 agencies responded. They represented 46,000 local charitable agencies that in turn operate 90,000 programs. And how that works is a church, let's say, in Roanoke would very likely operate a soup kitchen for indigent homeless folks. They might also operate a pantry for people who live at home and can take groceries home with them and cook it there; and then also the day care for, you know, people. So one agency operates multiple programs.

What I can tell you is that when we ask them, have you had to stretch resources, about six—I am sorry, the actual percentages are not with me right now, but I can get it—reported they had to stretch—pantries more often than other programs—said they had to stretch resources during the year, some of them monthly.

We can project now. We came to a number of 900,000 with a 95 percent competence level. That 900,000 pounds of food is short. Now, your bill if enacted would put 17 million additional pounds in. While that seems small, the people that criticize that as being small are never the people that get turned away from the soup kitchen, never the ones who show up at a food pantry when there is no food. I think it is an important step.

By contrast, by the way, what the appropriators are doing this week, if they go with the cut, would take out 17 million pounds of food at a time when we already have a shortage. We are not expecting TEFAP to replace the national shortage, but what, as Emily and Mr. Gresser both testified, is that TEFAP is a cornerstone program from which we can build and expand the private donations. In our case TEFAP is only 15 percent nationally of the food that moves through our network, but in a food bank like Roanoke, it is a much higher percentage, goes up to 27 percent. But that is the most important 15 percent, just like a cornerstone on a building is perhaps the most important part of that foundation.

TEFAP is the most important part of the private-donated sector because we can never guess what kind of donation will come from agribusiness or food processor or grocery retailer, but we do know well in advance the types and the amounts of TEFAP commodities that will be available, and with that we can adequately stock kitchens and pantries and emergency shelters.

Mr. GOODLATTE. A 27 percent increase would be a significant shoring up of the need at this point.

Mr. O'BRIEN. Yes.

Mr. GOODLATTE. Ms. Irvine, do you have any reason to believe that the problems we face in our area are unique?

Ms. IRVINE. They are not unique, but they seem to be somewhat drastic in the rural part of southwestern Virginia compared to other areas probably because of geographic location and the unavailability of jobs, of higher wages. And it is more difficult for us in southwest Virginia to obtain local food donations because we have very little manufacturers. That is why our food bank must rely on the commodities as a larger percentage of availability of food.

Mr. GOODLATTE. You are fortunate to have some very generous grocers in the area.

Ms. IRVINE. That is correct.

Mr. GOODLATTE. How does southwestern Virginia get its TEFAP commodities? Do you request certain commodities?

Ms. IRVINE. Yes, we did. We actually formed—we are very fortunate in the State of Virginia with our relationship with the Department of Agriculture. We have formed an advisory committee, and we actually meet with a representative from the Department of Agriculture every quarter. We go over the list of available products, and then we are allowed to choose those that we feel nonprofit charities would be able to utilize.

Mr. GOODLATTE. Do you have a standing order by weight, or does it vary month to month?

Ms. IRVINE. It varies in dollars from quarter to quarter. That is how we are allocated. I know that in Roanoke and our food bank in southwest Virginia, we moved \$670,808 of commodities last year.

Mr. GOODLATTE. Obviously if you are using a higher than average utilization of TEFAP commodities, 27 percent as opposed to the national average that Mr. O'Brien cited, then this increase in funding is vitally important for you?

Ms. IRVINE. I can tell you in southwest Virginia if it wasn't for the commodity program the last 2 years, we would not have, and we don't now have, an adequate food supply, but we would be in devastation with the increase in demand and decrease in supply.

Mr. GOODLATTE. Very good. Thank you.

I now recognize Congresswoman Clayton.

Mrs. CLAYTON. I want to thank all the panel for their own testimony and thank them also for the evident level of their commitment. And, Ms. Irvine, I want to thank you for your passion. I just like people with passion.

Mr. Chairman, first, may I ask for unanimous consent to enter the testimony of those who didn't have the opportunity to be a part of the—Bread for the World has asked—they have a written statement; Catholic Charities USA, RESULTS and the California Food Policy Advocate. I ask that they be part of the record.

Mr. GOODLATTE. Without objection they will be.

[The information appears at the conclusion of the hearing.]

Mr. GOODLATTE. Mr. Waldman, would you just walk through for me how someone who needs education and training from welfare to work would get it and to—I think I understand what your organization represents, but I am not sure. Are you in the collaboration of persons who work in the social service programs across the State?

Mr. WALDMAN. On the Government side, yes, States and localities.

Mrs. CLAYTON. Could you walk through how an individual who you are trying to move from dependency to work utilizes your education and training, your work?

Mr. WALDMAN. A person would come into a local office to make an application. There would be an assessment of that individual to determine if there were any disability that would exempt them from the requirement. If, in fact, they were able-bodied, they would be assessed as to their prior work history, their current skills and

appropriate training by the state of the locality. A program would be developed, and they would be referred to it, and an attempt would be made to place them in the private sector on subsidized employment. In the event there were no such employment availability, to maintain eligibility, people might be placed in workfare-type programs. That is generally how it is set up in thrust.

Mrs. CLAYTON. So you are finding—in your response to the Chairman, you are finding a decrease of how much in that area?

Mr. WALDMAN. Very considerably. There has been a 15 percent reduction in the food stamp program recipients generally that we have count, that our members, the States, have reported to us, and beyond that the—

Mrs. CLAYTON. There is good reason for that. You know, the State just made it far more difficult for eligibility for food stamps. So the \$23 billion cut in 1996 should have driven down the demand for that because the eligibility is different, right?

Mr. WALDMAN. Right. I would think that, but I would also say the economy, the requirements and the public message about the program, just as they have on the welfare side, have served to reduce the population here as well.

I would note that the State that I formally directed the program did ask for, as the chairman mentioned, some of those exemptions. We did have some high areas of unemployment or areas with a labor oversupply. When someone comes in, they get that service and are referred. States have the option of exempting whole areas if there is an insufficiency of jobs.

But I guess what the heart of what we are trying to get across is based on—the Congress clearly had some very good intentions and designed a fall-back safety net based on this particular provision of limitation of benefits for able-bodied adults. What we are here to say is the need to that extent hasn't played out, and the population numbers make the restriction that we have very, very difficult and deny us the flexibility to serve single-headed households and others, families with children who really need the service as well, too.

Mrs. CLAYTON. Is the number of persons not there the most troubling for you, or is it the lack of flexibility in implementing the program?

Mr. WALDMAN. It is the lack of flexibility. I would agree with some of the previous testifiers that this population often has greater and more severe needs to get a labor market attachment than many of the other populations that are served. I think they are accurate on that. I think it is fair to say that States recognize that, and as I believe before, I think if you give the States the flexibility, they will make sure that they will give that ABAWD person the kind of service that they do, and at the same time based on what the demand is, be able to serve which they can't do now.

So non-ABAWD populations, the mom with four children, as the chairman mentioned before, is someone that we are concerned about as well, does have a—maybe more skills on average demographically, but someone that we want to move into the work force as well as part of our effort to get people off dependency on Federal programs and into private sector jobs.

Mrs. CLAYTON. Well, in North Carolina we have something called workfare, and it has decreased the number of persons on welfare dramatically, but at the same time, we can't quite rely on that reduction as to the success of people working because the requirement of time says you don't find it, you are off. So we are trying to find how we achieve what we think we are trying to achieve is that people are moving from welfare to work, to work. And if you measure those who are not on welfare, you cannot automatically go to the assumption that they are working. That is my concern about not showing up, that you just assume that need is not there. So my concern is that we don't jump to rush their judgment. A lot of people are suffering in that process.

Mr. O'Brien, let me just ask you, because I think I know where Second Harvest is, but what concern would you have in terms of population, this 18 to 50, if we cavalierly reduced all of the funding for that?

Mr. O'BRIEN. I don't think that you want to see a cavalier reduction.

I think the sense that I have throughout this hearing has been that everyone wants to see TEFAP increased, and that E&T is an offset that might be acceptable to everyone. I think at a minimum that is where you should start from, and in a bipartisan fashion we hope that the other elements of this bill could be worked out.

It is beyond our expertise to judge how far you can go in E&T, except to say that we are about the business of feeding hungry people. We don't want to be in a position of having more hungry people. There is evidence on both sides that we want to see this proceed. We are committed to the idea of increasing TEFAP expenditure. This seems to be an offset that is most acceptable to the largest group of people, and we think that it ought to be done in this Congress, otherwise we face a threat of having to begin the holiday season with inadequate food stocks all across the country.

If the appropriators act in a manner that goes against the 1996 welfare changes, what it means in your State and Mr. Goodlatte's State is between \$200,000 and \$500,000 in commodities being taken out when we cannot afford to take them out, as Ms. Irvine mentioned.

Mrs. CLAYTON. One of the suggestions that Mr. Hall made, and because it does have some feasibility, we are about to have an emergency farm bill, and as we look to the foreign purchase of food for distressed countries, we have certainly seen that may be an option, Mr. Chairman, to look to do something. Right now in the Senate there is \$80 million, and in the House it is \$90 million, and the chance of a freestanding bill gives us some pause because I still have concerns.

Let me raise one other question.

Ms. Irvine, I was struck by your testimony and your intensity and passion, but also I thought I heard you say that you provide training to your persons who are receiving food as well?

Mr. GOODLATTE. Ms. Katz did.

Mrs. CLAYTON. Ms. Katz.

Ms. IRVINE. We do have a training program. We have called together some food and warehousing companies in the Roanoke area, and community action program, Total Action Against Poverty, re-

ceived a welfare-to-work training grant, and our food bank is part of that.

There are four phases to that training grant, and one is warehousing. We found that there is a tremendous need for warehouse-skilled laborers in the Roanoke Valley area, so we will be part of a warehouse training program, and we will actually train as I guess similar to California's program in truck driving, food distribution, inventory control, shipping and receiving in our warehouse, and they will be recipients of the training program, and then we have a commitment from Coca-Cola, from Kroger and other wholesalers and distributors in the Roanoke area to possibly employ those people in good-paying jobs.

Mrs. CLAYTON. Thank you.

Ms. Katz, what percentage of your recipients are involved with training and education?

Ms. KATZ. What percentage of people served statewide?

Mrs. CLAYTON. Is there any way to quantify the extent of training and education of recipients?

Ms. KATZ. Foodlink's mission is to address hunger through the provision of food and access to good-paying jobs. Our resources are dedicated about half and half. About half of our budget goes into food, and half goes into providing jobs on site in warehousing, where we actually take people in and are their employer, and providing classrooms where people are trained and put out into the work force.

Mrs. CLAYTON. Are any of those able-bodied individuals who would be eligible?

Ms. KATZ. Many of them are, and we go through a really rigorous screening process for several reasons. We don't want to set people up to get trained in truck driving if they have a history of auto theft because no employer will touch them. Also, if they have a lot of DUIs on their record, that is a significant barrier to getting a truck driving job.

So we go through a significant screening process. There are a lot of people with a lot of barriers who will never get to learn truck driving because we will never train them because they will never get a driving job.

Yes, basically it is what is called creaming. We take the people who are the most eligible and the best predisposed to those careers and train them for that.

Mrs. CLAYTON. Thank you very much.

Thank you, Mr. Chairman.

Mr. GOODLATTE. I do want to point out that we are not wholesale eliminating the training and employment program; \$350 million remains in that program. Rather than a cavalier elimination, it is a judicious reduction.

Mrs. CLAYTON. I call it drastic. It is in the eyes of the beholder, I guess.

Mr. GOODLATTE. I do want to thank all of you for your contributions here today and making the trip to Washington to share your testimony with us. There is resounding agreement to increase TEFAP, and that is where we begin. There is ample evidence that food banks need the attention of this committee, and I am determined to see that they get it. I am a strong supporter of the Emer-

gency Food Assistance Program. It helps families through tough times while encouraging self-sufficiency.

There has been much said about other issues today. Make no mistake, the primary goal of this bill is to increase TEFAP spending by \$20 million in a responsible manner. It is always difficult to find the offset to provide for a funding increase. I think we are on the right track here, but we will certainly continue our discussions regarding how to do that. That is my motivation, and that is what I will be fighting for as we proceed through the final days of this Congress, and we will do that by whatever means, whether it is this legislation or getting something put into emergency funding.

Either way, if an offset is necessary, I think this particular program is a good candidate if the funds are not being largely spent, and as we gather more information about that, I hope we can find agreement not to continue a program, at least in the size of the program, if the funds are not necessary.

With that, we will bring this hearing to a close. The Chair would seek unanimous consent to allow the record of today's hearing to remain open for 10 days to receive additional material and supplementary written responses from witnesses to any question posed by the panel. Without objection, it is so ordered.

This hearing of the Subcommittee on Department Operations, Nutrition, and Foreign Agriculture is adjourned.

[Whereupon, at 12:20 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

## STATEMENT OF HON. TONY P. HALL

### INTRODUCTION

Mr. Chairman, Representative Clayton, members of the subcommittee, thank you for the opportunity to be with you at this important hearing on one of our country's most essential anti-hunger programs, the Emergency Food Assistance Program, commonly known by its acronym as TEFAP.

I want to especially thank the chairman for holding this hearing, and for his strong commitment to fighting hunger and its causes. The distinguished Ranking Member, my good friend Congresswoman Eva Clayton, has long been a leader on this issue as well, and is also a great friend of food banks and other anti-hunger charities.

### HUNGER REMAINS A SIGNIFICANT PROBLEM

Mr. Chairman, this panel has a long history of leadership on hunger issues in the Congress, and it bears enormous responsibility for whether and how we as a nation respond to the fact that more than 21 million Americans—including more than one in four of our children—do not consistently have enough to eat.

That is a disgrace in the richest country on Earth, at a time when we are blessed with a prosperous economy and rising living standards. Unemployment rates are at a 25 year low. A new Commerce Department study reports dramatic growth in personal incomes. The Dow Jones hovers around 9,000. States are awash in surplus funds.

And yet, millions of Americans, including increasing numbers of working families, are having trouble putting food on the table. Their boats are not rising, and they are struggling to simply stay afloat.

You will hear more about the needs from the excellent witnesses that are here today. I would simply say that any Member who doubts the severity of the situation ought to visit food banks, pantries, and soup kitchens in his or her own district. Earlier this year, I did just that with three Ohio colleagues—Republican and Democrat—to investigate reports of alarming increases in demand for food in Ohio, which was up by 43 percent from 1997 according to Ohio food banks.

What we saw was not the extremes of hunger and starvation I've seen in many desperate places around the world, but rather a slow, often hidden and insidious hunger that is in many ways just as disturbing. Hundreds of seniors lined up for a bag of groceries. The shame of working people forced to seek the help of a pantry to put food on the table. Children excited to see a bag of food staples brought home from the local pantry—kids should get excited by toys and special treats, not by an ordinary bag of staple foods.

This kind of hunger is all the more disturbing because we know deep down that there is no reason for it. Because—although we may have far to go and much work to do as a nation to defeat the poverty that is the primary cause hunger—there should still be no excuse, in the short run, for any American to go to bed hungry. In the most agriculturally abundant nation on earth, there is no reason—none—that we should not have an adequate national nutritional safety net to protect our poorest citizens. TEFAP plays a critical role in the fabric of that safety net.

And it is food banks that have made TEFAP such a success. They are the primary managers and distributors of TEFAP commodities, making sure the food reaches the needy, and leveraging private donations. But food banks have evolved far beyond providers of food. Increasingly, they are centers of dynamism and innovation in attacking the root causes of poverty and promoting self-sufficiency.

They generally operate on shoestring budgets, and depend on the dedication, hard work, and ingenuity of many concerned individuals and volunteers, and the support of local communities and businesses. For many people they serve, food banks are easing the transition off of public assistance, and helping to make welfare reform a success. They deserve our support, and I am pleased to see that some of them will testify today.

#### A FUNDING INCREASE IS NEEDED FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)

Mr. Chairman, I understand that you have introduced a bill, H.R. 4571, that would increase the current \$100 million authorization for TEFAP commodity purchases to \$120 million over 4 years.

The need for such an increase is clear. Second Harvest's survey of food banks found that emergency food needs were twice what food banks could meet. And this data was gathered before most of the food stamp cuts kicked in, so the needs today are almost certainly even greater.

After seeing those needs in my own State, and hearing about them from around the country, I also introduced a bill, the Food banks Relief Act of 1998 (H.R. 3615). It would double the current TEFAP commodity purchase authorization, from \$100 million to \$200 million. The bill currently has 58 co-sponsors.

Mr. Chairman, I applaud you for recognizing the need to increase funding for TEFAP, and I look forward to working with you to do just that.

#### TWO KEY ISSUES MUST BE ADDRESSED IF A TEFAP INCREASE IS TO REDUCE HUNGER AND REACH THOSE IN NEED

However, if a much needed TEFAP increase is to be effective in reducing hunger and helping food banks feed hungry people, there are two concerns that must be addressed. The first has to do with mechanics of mandatory versus discretionary funding and how to ensure that a TEFAP increase results in more commodities for the hungry. The second is the source of the offset, or how we will pay for a TEFAP increase.

##### *1. Mandatory vs. Discretionary Funding*

The 1996 welfare reform law anticipated that its \$23 billion in cuts to food stamps would result in an increased need for emergency food. The law mandated an additional \$100 million from the food stamp program for the Emergency Food Assistance Program (TEFAP), and continued existing discretionary funding of \$45 million for transportation, handling, and administration costs of emergency food.

While \$100 million in mandatory funding for TEFAP is small in relation to the scope of food stamps cuts, it was hoped that by making this funding mandatory, TEFAP commodity purchases would have some degree of protection and stability in the annual appropriations cycle. That has not proven to be the case. Although current law authorizes \$100 million per year for TEFAP commodity purchases, neither the House or Senate appropriations committees have provided the full amount since the increase was enacted. Under pressure from a shrinking agriculture spending allocation, appropriators have cut into mandatory money for TEFAP to free up discretionary money for other programs.

In fiscal year 1998, the Senate rescinded \$20 million from TEFAP, setting the precedent for both House and Senate Appropriators to straight-line funding for TEFAP commodity purchases at only \$80 million for fiscal year 1999. Thanks to the efforts of Representatives Skeen, Kaptur, and others, the House bill limited its cut to \$10 million, but the Senate bill retained a \$20 million cut. The final fiscal year 1999 funding level for TEFAP now in the hands of the conference committee.

I personally found it hard to believe that we could not find the full \$100 million, out of a \$55.9 billion agriculture spending bill, to feed our neediest and most vulnerable citizens. I've heard from a lot of angry food banks that find it hard to believe too. The final bill has not come out of conference yet, and I am told some food banks already are hearing from their state TEFAP offices to expect reductions in their commodity allocations next year.

Discretionary spending caps are forcing painful choices—but few things are more painful than empty shelves at food banks and the empty stomachs of Americans whose basic needs are going unmet in our land of plenty. I do not have the answer to this problem, and obviously our Appropriations colleagues have a tough job in balancing competing priorities within a shrinking allocation. But this is a real problem that will have to be addressed if we are ever to secure a real increase in TEFAP commodity assistance, and see it reach those who need it.

## 2. The Offset Issue

We are all aware of the difficulty, under current spending caps, of coming up with a viable offset to finance even a modest spending increase. Mr. Chairman, I strongly support the intent of your bill, to increase funding for TEFAP. I look forward to working with you in this regard.

However, I am concerned that the bill goes beyond finding an \$80 million offset to pay for a \$20 million increase in TEFAP commodity purchases over four years. To do that, it cuts four times that much by eliminating \$323 million from the \$599 million Congress provided for the Food Stamp Employment and Job Training program. It also eliminates the requirement that 80 percent of funds for food stamp employment and job training be used to provide workslots for people subject to the three-month food stamp cut-off.

I will not go into the details of this program—there are others here who are better qualified to do that. I understand that for various reasons, states have not drawn down their allocations of this money as quickly as planned, and that only \$131 million has been disbursed to the states. And I understand that a quarter of this money—\$145 million—was used to partially finance the restoration of food stamp benefits for legal immigrants in the recently passed Agriculture Research bill.

It might make sense to look at the remaining \$323 million of this money as a possible source for the \$80 million needed to offset a \$20 million increase in TEFAP over four years. But we should be very cautious about gutting this program, without fully understanding the situation of the people this money was intended to help and the constraints states may face in using these funds for their intended purpose.

The balanced budget agreement specifically provided that 80 percent of the \$599 million food stamp employment and job training money would provide work slots for low-income, childless adults who are subject to the three-month food stamp time limit. That was seen as a matter of basic fairness for people willing to work, but unable to find a job or a workfare slot.

USDA data show that the people subject to the three month food stamp time limits are the poorest of the poor:

- Some 57 percent have no income other than food stamps;
- More than four in five have incomes less than half the poverty line;
- Almost 90 percent have no assets at all, and only a tiny fraction have more than \$200 in assets;
- They generally qualify for no other Federal assistance besides food stamps;
- Some 42 percent are women.
- Of those for whom data is available, many have less than a high school diploma;
- Three in 10 are over age 41, and may have limited employment prospects if they lack substantial job skills.

We should be very careful before we eliminate the entire \$323 million balance of funds remaining to help this population find work and retain their food stamp benefits. This is no-year money, that is available to states through the year 2002.

I would encourage the subcommittee to carefully examine other offset options.

One approach I explored when I developed my bill, was to give the Secretary of Agriculture limited authority to use annual carry-over balances that have been rolled over from year to year in the Section 32 account. As you know, Section 32 of P.L. 320 is the standing appropriation under which 30 percent of all U.S. customs receipts are deposited into an account to be used by the Secretary of Agriculture

portion of the Food Stamp Employment and Training program is problematic for us. This too is an important anti-hunger program since it provides access to food assistance for people who would otherwise lose their Food Stamp benefits because they had not yet entered the work force.

Across California, we are already doing all we can to meet the needs of the increasing number of people who are asking for food from the emergency food pantries. More food pantries want to join TEFAP. Agencies want to expand their hours to serve people who have left welfare but do not earn enough to feed their families. These new entrants to the work force cannot take time off for a quick run to the food locker. However, most agencies can not expand services without more food. In fact, each year private donations fail to keep pace with demand because industry has improved its production techniques.

My colleagues Doug O'Brien and Rick Gresser will cover national figures so I would like to focus your attention on what is happening at the local level, in California, with TEFAP.

In California, despite doubling our TEFAP allocations with the tremendous supplies of bonus commodities 27 percent of emergency food recipients are reducing meal size, skipping meals and sending their children to bed hungry. Parents in another 33 percent of the households are limiting food variety and skipping meals for themselves so that their children have enough to eat.

In Sacramento, more people are coming to every emergency food site for help. Increased distribution ranged from two to 28 percent between August 1997 and August 1998. Agencies that do not receive TEFAP commodities are running out of food. The food bank would have to lower the amount it currently delivers to TEFAP agencies to cover new ones. Single men and families with over four members account for this increase. In December 1997, when single men first began leaving food stamps and turning to food closets, the agencies didn't notice the increase because they were flush with holiday donations. By summer, they had depleted their stocks and began to run out of food. With a 20 percent increase in commodities Sacramento could expand to serve every agency that is currently running out of food.

Foodlink for Tulare County, which serves a farming community in the Central Valley has seen a 14 percent increase in the number of people seeking food help since January 1997. Despite its boosted solicitation efforts, the food bank has not increased local donations of food or money to match the demand. Tulare needs more TEFAP food for two reasons. Firstly, private donations have slacked off, due to the increased efficiency of the food industry. The second bigger reason is that TEFAP is most nutrient dense food received in Tulare. Other donation sources provide few staples like beans, rice, pasta and meat. People who have gone without food for a while need the most nutritious food they can get. TEFAP commodities are the nutrition foundation of the food bank's distribution. Private donations are only a supplement. That's the way it works best says the food bank's director, Sandy Beals. TEFAP has always been important, but never more so than it is now.

She says she's tired of dealing with crumbs, "I want there to be enough food so people won't go hungry. We're having to be so stingy to stretch the food to reach everyone who needs it." Despite the booming economy, Tulare's unemployment rate is 20 percent. Most of the food bank's clients are kids.

At the San Bernardino Food Bank, which helps feed 30,000 families per month through 61 distribution sites, and another 45,000 individuals through soup kitchens there have been only slight increases in USDA distributions, despite the cutbacks in welfare reform. The director of the food bank speculates that it is possibly because there are more jobs in the county's upward economy. However, the real reason, he believes is because he is not doing any outreach. If all 238,000 people identified in a recent hunger study as food-insecure showed up, he would not have the food to serve them. Right now, he is not turning anyone away. To serve more of the people in need, he would have to open more distribution sites. The food bank's staff, budget, and equipment are at maximum capacity, there is not enough warehouse space or transportation for expansion. With more funds and food the food bank could reach larger section of county by opening multiple distribution sites in cities and areas served now with just one site each.

The food bank ads private donations at most sites but some are too remote to receive bread and other private donations. Besides, there are not enough private donations to give to everybody. San Bernardino County has a 16 percent rate of anemia, one of the highest rates in the State. Anemia, which is showing up mostly among children, is attributed to poor nutrition. In San Bernardino, as in most California counties, the State's Donate-Don't Dump program which collects fresh produce and other donations from farmers and packers has helped fill the nutrition gap. Over the past 10 months, the food bank has received 400,000 pounds of fruits and vegetables that are loaded in vitamins. The food bank director notes that one of the best

Throughout this time, USDA also provided \$40 to \$50 million annually in TEFAP administrative funds to help defray state and local storage, shipping, distribution and administrative costs.

By the mid-1990's, several factors combined to reduce the levels of food available to emergency food assistance organizations. First, the appropriations for commodity purchases fluctuated, from as little as \$25 million in fiscal year 1995 to as high as \$80 million in fiscal year 1997. Second, soup kitchens, food banks, and other such organizations received smaller amounts of food from private sources. Private donations significantly declined, as manufacturers decreased product damage through better packaging and reduced excesses through more efficient inventory management.

The welfare reform bill took several steps to address the needs of the emergency food assistance network. First, the legislation combined TEFAP with the Soup Kitchens/Food Banks Program, through which congregate meals were provided to the needy, and to give states greater flexibility to meet emergency food assistance needs. Second, welfare reform authorized \$100 million annually for commodity purchases for TEFAP through fiscal year 2002, a significant increase of funding.

As I indicated earlier, the vast supply of excess commodities available to TEFAP in the early years has essentially disappeared. However, we did experience a resurgence of the former in fiscal year 1997, when donations to the program totaled about \$29 million. I am pleased to report that the current fiscal year has been even better for TEFAP. We donated 100 million pounds of food to the program with a value of more than \$80 million. These foods include high-protein commodities with great appeal to our customers—precisely the kinds of foods characteristically in short supply and great demand at food banks, soup kitchens, and other such organizations; including frozen turkey roasts and bone-in turkey breasts, beef roasts and beef chuck roast, frozen hams, and frozen ground and canned pork. In addition, the Department has donated a wide variety of canned fruits and fruit juices.

During the current fiscal year, \$100 million has been available for food purchases and an additional \$45 million for administrative funds, including supporting local food recovery and gleaning operations. At this point we are grateful to the Subcommittee for its help getting the Bill Emerson Good Samaritan Food Donation Act enacted. It affords the legal protection to encourage more private donations to emergency food organizations to complement TEFAP.

USDA is continuing to improve the commodities available through TEFAP to meet the intent of the dietary guidelines by reducing fat, sodium and sugar. We are working hard to make a wide range of nutritious and popular foods available, including those rich in protein to ensure participants long term nutrition and good health.

Mr. Chairman, I would like to add one note with regard to the recently introduced H.R. 4571. The Administration strongly opposes H.R. 4571, which would eliminate the additional Employment and Training (E&T) funds intended to serve vulnerable food stamp recipients. As part of the Balanced Budget Agreement (BBA), the Administration worked to forge a bipartisan agreement to provide additional employment opportunities to individuals facing Food Stamp time limits. The additional funding is necessary to create the work opportunities that will enable people who are willing to work to keep their benefits when private sector jobs are not available to them.

States have indicated their commitment to the E&T program, and we are committed to working with them to ensure that additional E&T work opportunities are made available. All but a few States are developing plans to spend the additional E&T funds available in fiscal year 1999 for creation of new work opportunities. While it has taken time for some States to get their E&T programs off the ground and coordinate new activities with existing State employment programs, they are making progress.

Mr. Chairman, I am pleased to continue working with you and the Subcommittee in our efforts to reduce hunger. Our nutrition and nutrition education programs are the cornerstones for reaching our goals of eliminating hunger and improving the nutrition and health of Americans. Together our efforts can make a difference. That concludes my testimony, Mr. Chairman. I would be happy to answer any questions.

#### TESTIMONY OF EMILY KATZ

Thank you for your support of the Emergency Food Assistance Program and for your efforts in H.R. 4571 to increase the mandatory appropriation to \$120 million in the face of proposed cuts. We ask for this increase because hunger is growing in our communities and we would like to see TEFAP expanded to help meet those increasing needs. However, the accompanying provision that a substantial

portion of the Food Stamp Employment and Training program is problematic for us. This too is an important anti-hunger program since it provides access to food assistance for people who would otherwise lose their Food Stamp benefits because they had not yet entered the work force.

Across California, we are already doing all we can to meet the needs of the increasing number of people who are asking for food from the emergency food pantries. More food pantries want to join TEFAP. Agencies want to expand their hours to serve people who have left welfare but do not earn enough to feed their families. These new entrants to the work force cannot take time off for a quick run to the food locker. However, most agencies can not expand services without more food. In fact, each year private donations fail to keep pace with demand because industry has improved its production techniques.

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things about Donate-Don't Dump is that it's free. The food bank gets fresh produce delivered to its door and does not pay for transportation or drivers.

Over the past 10 years, TEFAP has slipped quietly into our lives and has permanently altered the course of independent private non-profit emergency food charities. Before TEFAP we were handing out whatever we could find, off the back porch of a church, in the local park on the last Sunday of the month or off the back of a station wagon in a troubled neighborhood. Today, in California, we bring in nearly 30 million pounds of fresh fruits and vegetables from the agricultural community for every 30 million pounds in TEFAP purchases. We distribute them through a sophisticated network of 1,500 charities, in every community in the State. We track distribution, allocation, and inventory through an on-line computer system. TEFAP is getting a double bang for its buck.

TEFAP is the cornerstone of the work we do at California Emergency Foodlink. In addition to distributing commodities to the agencies that serve all 58 of the State's counties, we operate several job-training programs, to help people out of the food lines and into the work force. In partnership with the trucking industry, the Teamsters and the local school district, we are training welfare recipients to become truck drivers. In response to the State's booming high technology industry, we are training welfare recipients in computer repair and electronics manufacturing jobs. In our warehouse we hire people who no other employer will consider. These are will intentioned people who are homeless, with little or no exposure to the demands of work, such as following instructions, or even, showing up for work every day.

What do high tech and trucking jobs or warehouse employment opportunities have to do with TEFAP? In California, the answer is, everything. Without a steady supply of basic staples like beans, rice, macaroni, fruits and vegetables, our whole network would stumble. The truck drivers in training would not have our fleet of semi-trailers and trailers to practice on while they distribute commodities to the far-reaching counties. And, as happened during the dark days of the early 1990's, when TEFAP hit its all time low, the people we serve and the volunteers who sort, bag and distribute donations would no longer have a program to show up for. At Foodlink, providing food, and providing access to steady well-paying employment are part of the same mission. We are entrepreneurs. We contract with over a dozen companies to provide work for our employees and a steady stream of revenue to support our food distribution efforts. The bedrock supporting our mission is TEFAP.

In summary, our strong private distribution network is getting more requests than it has the food to meet. There is not one face of hunger in California, but many. Some are entering work after a spell on welfare but do not yet earn enough to feed their families for the entire month. Some have left welfare but not yet found jobs. Many have never been on welfare at all, and want to keep it that way. Others find themselves standing at the fringe of this booming economy, in unsteady jobs, or without work. TEFAP, in its kind, caring and personal way stands ready to help all these people through difficult times. We just do not have enough food to do the job right.

I have stressed the importance of H.R. 4571 as an authorizing vehicle to improve TEFAP, but it is just the first step. There must be a simultaneous increase in appropriations to meet the growing need for TEFAP. Proposed fiscal year 1999 appropriations bills cut TEFAP by up to \$20 million. In California, 60 percent of the people who come to us for help are already going hungry. Please urge your colleagues on the appropriations committee to ensure that TEFAP is not reduced next year, but rather is maintained or increased to counter the growing need in California and across the Nation.

Thank you for your efforts to increase TEFAP's mandatory food purchasing funds to \$120 million.

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### STATEMENT OF RICK GRESSER

Good morning Chairman Goodlatte and members of the subcommittee. I am Rick Gresser, president of the American Commodity Distribution Association (ACDA). Thank you for the opportunity to testify today about The Emergency Food Assistance Program. ACDA is a non-profit professional trade association devoted to the improvement of the U.S. Department of Agriculture's commodity distribution system. ACDA members include state agencies that distribute USDA-purchased commodities, agricultural organizations, recipient agencies, and allied organizations, such as Second Harvest who is also testifying today. In addition to being ACDA president, I am the commodity distribution agent for the State of Texas Department of Human Services. My agency is responsible for distributing nearly 150 million

pounds of USDA commodities annually to programs such as TEFAP and the National School Lunch Program.

Chairman Goodlatte, I would like to start by commending you for your commitment to TEFAP and the other programs that are part of the USDA's commodity distribution system. This Subcommittee has a long and honorable history of supporting these programs, and you are continuing the tradition of past chairmen, such as former Congressman Leon Panetta, Representative Stenholm, and the late Congressman Bill Emerson.

It is my sincere hope that your proposal to increase commodity purchases for TEFAP will be enacted into law. TEFAP is in desperate need of an increase in the level of commodity purchases, as well as stability in the funding level. The level of TEFAP commodity purchases has varied significantly over the years. For example, in recent years the overall TEFAP budget, which includes administrative funding, has ranged from a low of \$65 million in fiscal year 1995 to a high of \$172 million in fiscal year 1997. As part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Congress changed TEFAP's authorizing statute to provide \$100 million annually in mandatory commodity purchases. This step was intended to ensure a constant and predictable flow of commodities and eliminate the reliance on the yearly appropriations process. Unfortunately, the mandatory funding is now in jeopardy. The agriculture appropriations bill for fiscal year 1999 (H.R. 4101), which is currently in conference, would reduce TEFAP's mandatory funding. The Senate version of H.R. 4101 would reduce the commodity purchase account to \$80 million, and the House version would cut it to \$90 million.

Even though the level of commodity purchases has fluctuated over the years, one aspect of the program has been growing—demand for TEFAP commodities has increased significantly. To combat this problem, several States, such as Pennsylvania, California, Massachusetts, and Ohio, provide additional funding for commodity purchases because the need is so great. Other witnesses are in a better position to outline the reasons for this increase in demand, and I am sure this issue will be addressed in their testimony.

The increase in demand, however, exposes an interesting paradox: despite having one of the best economies in a generation, the need for emergency food assistance continues to grow. Hungry Americans are not the only ones who are being left behind by our economy. Like TEFAP recipients, a significant number of America's farmers are not reaping the benefits of our nation's economic success. I mention this because it ties into an often overlooked but important function of TEFAP, which is to support farm prices. TEFAP commodity purchases, like all of USDA's food assistance programs, have a dual role. These purchases enable USDA to provide nutritional assistance to needy Americans, while at the same time providing much needed assistance to the agricultural community by supporting farm prices. While other food assistance programs are much larger, the importance of TEFAP commodity purchases should not be overlooked because they have a more direct impact on the bottom line of agricultural producers. According to USDA's Economic Research Service (ERS), producers receive between 27 and 85 cents of every dollar expended on TEFAP purchases. By way of comparison, the Food Stamp Program has significantly less of an impact on producers. ERS estimates that producers receive less than 7 cents of every food stamp dollar.

The agricultural community in general has long recognized the importance of TEFAP, and has been a strong supporter in the fight to maintain the program's funding. The importance of TEFAP to the agricultural community has been magnified due to the United States' commitments to reduce subsidies for domestic agricultural producers under international trade agreements. TEFAP falls into a category of what have become known as Green Box programs, which are exempt from these commitments and allow the U.S. to support domestic producers by purchasing food for distribution to needy Americans.

In addition to increasing commodity purchases, I would like to suggest two technical, no cost changes to TEFAP that would make the program easier to operate and more efficient. First, I suggest changing the statute to allow States to carry over a portion of their administrative funding from one fiscal year to the next. This is necessary to pay for distribution of food that is purchased by USDA in one fiscal year, but not delivered to States until the first quarter of the following fiscal year. This problem has been resolved for other nutrition programs, such as the National School Lunch Program, but it continues to hinder the effective operation of TEFAP.

Second, I recommend that Congress authorize USDA to act as the purchasing agent for States that supplement their TEFAP programs. As I mentioned previously, a number of States supplement their TEFAP operations with state funds. If the Department could act as the purchasing agent for these States, it would allow them to piggyback on USDA's enormous buying power and receive more product for their

limited dollars. USDA offers a similar service to States as part of the National School Lunch Program.

A final point I would like to address is the overall state of USDA's commodity distribution system. USDA, through state agencies such as mine, distributes nearly 1.5 billion pounds of food annually.

One of the strengths of the commodity distribution system is its ability to move commodities efficiently. This efficiency, however, is largely dependent on the volume—not dollar value—of product flowing through the system. Over the past 10 years the volume of commodities distributed has decreased significantly, while the costs associated with operating the distribution system have increased. As a result, it is becoming extremely difficult for many States to maintain an effective distribution infrastructure. In my own State of Texas, for example, we cannot find a distributor to deliver USDA commodities to most of West Texas because the volume has dropped so drastically. As you can imagine this has caused a number of problems. Schools, the largest customer of the commodity distribution system, have been hardest hit. The schools in this part of the State must pick up their commodity allocations from a Government warehouse, which is often hundreds of miles away.

A decrease in TEFAP commodity purchases, as proposed by the Appropriations Committees, is just one of the many factors that have an effect on volume. Of course, there are a number of other factors as well. The most significant of these is the reduction in the volume of commodities purchased as part of USDA's surplus removal program, what we call bonus commodities. Compounding this problem is a USDA supported effort to reduce the level of commodity assistance provided through the National School Lunch Program. The Department's proposal, which was attached to the Senate version of the fiscal year 1999 agriculture appropriations bill, would require bonus commodities to be counted toward meeting the statutory requirement that at least 12 percent of assistance provided through the National School Lunch Act be in the form of commodities. As you may recall, this subcommittee crafted the 12 percent provision in 1994 to strengthen the commodity distribution system. In my opinion, USDA's proposal is a serious mistake that would further erode the effectiveness of the commodity distribution system. On a per student basis this proposed cut would be very small. However, the overall impact on the commodity distribution system could be disastrous. Estimates indicate that this amendment could result in a decrease of up to 79 million pounds of commodities for the National School Lunch Program. This would be a 5 percent reduction in the total volume of commodities distributed by USDA. The impact of this reduction will be magnified by the fact that USDA has administratively reduced the commodity reimbursement rate for the current school year.

In addition to volume, there are a number of other issues that need to be addressed in order for the commodity distribution system to continue to be a vehicle for the distribution of USDA commodities. Without the overall system in place, it will be impossible for programs such as TEFAP, disaster assistance, and the surplus removal program to survive. To its credit, USDA is attempting to address these problems. At the Department's request, ACDA developed an issue paper that outlines a number of areas we believe need to be addressed. For your information, a copy of this issue paper is attached to my testimony. Just a few months ago, a number of school districts in the State of Colorado wrote to USDA Under Secretary Shirley Watkins asking that they be allowed to receive commodity letters of credit (CLOC) through the National School Lunch Program rather than USDA commodities. I believe this letter is the first manifestation of a problem that is beginning to percolate across the country, and it should not be ignored. I am hopeful that the Department will continue its efforts to work with my organization, the American School Food Service Association (ASFSA), producer groups, state agencies, and recipient agencies to improve the commodity distribution system and resolve the problems that are frustrating recipients, such as the schools in Colorado.

Mr. Chairman, again, thank you for the opportunity to testify today. I would be happy to answer any questions you or other members of the subcommittee may have.

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#### TESTIMONY OF DOUGLAS O'BRIEN

Good morning Chairman Goodlatte, Representative Clayton, and members of the subcommittee. I am Douglas O'Brien, director of public policy and research at Second Harvest, the National Network of Food Banks. I am pleased to be here today to discuss the Emergency Food Assistance Act of 1998 (H.R. 4571), and the legislation's potential impact on food banks and the needy Americans they serve.

On behalf of Second Harvest, I want to express our deep gratitude for your long-standing attention to the needs of the private charitable sector and our efforts to feed America's hungry. America's food banks have more nutritious, higher quality and greater quantities of food because of your work and concern for America's needy.

Second Harvest is the Nation's largest hunger relief charity. Our mission is to "feed hungry people by soliciting and judiciously distributing food and grocery products through a nationwide network of certified affiliate food banks, and educate the public about the nature of and solutions to the problems of hunger." Our network is comprised of nearly 200 regional certified affiliate food banks, which provide more than one billion pounds of food and grocery products to an estimated 46,000 local charitable agencies, operating 95,000 social service programs. Second Harvest network food banks provide assistance in all 50 states and Puerto Rico.

In 1997, through the generosity of private donations and the grant of Federal commodities, our network provided food to an estimated 26 million low-income Americans, including 21 million people who were aided at emergency feeding sites such as soup kitchens, food pantries, and emergency shelters.

Six months ago, Second Harvest released "Hunger 1997: The Faces & Facts", independent research documenting the nature and scope of the charitable response to hunger in America. That research was presented to the public under the generous auspices of this subcommittee, and we are grateful for the participation of Chairman Goodlatte and Congresswoman Clayton in that endeavor.

What our research provided—and what I believe in part motivates the legislation now being considered by this subcommittee—is important demographic information about hungry Americans. In examining the report we see the faces of 21 million low-income people. We better understand the difficulties needy people struggle against on a daily basis, and what circumstances bring them to the emergency food pantry or soup kitchen for help.

What our research found was disproportionately higher percentages of women, children, and elderly people at emergency feeding sites than are represented in the general U.S. population. They are typically the poorest of the poor, with more than 86 percent with incomes below the Federal poverty level, and more than 11 percent with no income in the past month at all.

We also find working poor families being served through food pantries, and increasingly they are being fed at soup kitchens which were once almost exclusively utilized by homeless people. Working poor households represent more than one-third of emergency food recipients. They are people who are working, paying taxes and contributing to the productivity and economic prosperity of our nation, but are reaping few of the rewards.

Food banks have become an essential component in the public-private partnership which has emerged in local communities to end hunger. Our efforts are a compliment to the Federal food assistance safety net. We are not, and cannot be, a replacement for government action to assist America's needy people struggling out of poverty and hunger. As a compliment to public action, the charitable sector relies primarily on private assistance to meet the needs of low-income Americans.

In 1997, the Second Harvest network distributed approximately 1.2 billion pounds of food to local charities with an estimated value of \$1.5 billion. More than 85 percent of all the food and grocery products distributed throughout our network are provided by the private sector. Two-thirds of all private sector donations to food banks come through local activities such as canned food drives, church and synagogue sponsored activities, local grocery retailers and wholesalers, local food manufacturers and processors, and farmers who make available their fields for a second harvest for the needy in their communities. The remaining one-third of private food donations are provided by more than 500 national food and grocery companies, agricultural and fishing cooperatives, and other major donors.

The Second Harvest network currently has more private sector donors than at any other time in our organization's history. Yet, despite this widespread support from the food and grocery industry, private donations of food have not kept up with the demand for emergency food assistance. Since 1995, national corporate donations of food have remained relatively constant and local donations have increased [please see the attached charts included at the end of my testimony.] Over the same period, requests for assistance have increased dramatically and are outstripping private sector donations.

The Hunger 1997 Second Harvest report also provides quantifiable data showing a substantial shortage of emergency food aid in the charitable sector. Our research findings have been confirmed by other charitable social service organizations which have experienced similar shortages of emergency food.

The depth of the emergency food shortage is profound. We estimate, that in 1997, approximately 16 percent of requests for emergency food aid went unmet. Nearly half (46 percent) of all local agencies reported that they were forced to stretch food resources in the past year. Emergency food pantries experienced shortages most often, with nearly 60 percent reporting that they have had to stretch food at some time in the past year, and 17 percent stretching food resources monthly. Local agencies reporting a need for additional food resources were asked to estimate the amount of additional food needed. Based on those agencies reports, researchers were able to project a national shortage of 900 million pounds of emergency food.

In the worst instances, local charities can no longer stretch food resources and are forced to operate on a sort of triage system, serving only the very most needy, or the charity simply closes. Our research found that a median number of 20 people were turned away last year by those food programs lacking sufficient food resources to serve them. In 1997, at least 115,000 people were turned away and denied emergency food assistance because the local charitable agency had no food available.

Mr. Chairman, it should be noted that it takes a serious and nearly insurmountable shortage of donated food to force a charity to turn a needy person away, or, worse yet, close a soup kitchen, pantry or emergency shelter. The director of soup kitchen or food pantry will go to extraordinary efforts before they will accept that they must turn someone away or close their doors for even a short period of time.

To meet the needs of emergency food providers struggling to find food resources, Second Harvest has partnered with national organizations such as the Food Marketing Institute and the Grocery Manufacturers of America for special food drives aimed to increase donations to food banks. Agricultural commodity groups like the National Cattlemen's Beef Association and the Sweet Potato Growers Association, just to name a few, have worked recently with Second Harvest to garner more food for food banks. We have also begun innovative programs with food manufacturers, such as our Production Alliance Program, in which a food processor operates a plant at maximum production—often at a loss to the manufacturer—and then donates the over-market production to Second Harvest. [please see a partial list of associations and companies which Second Harvest has partnered with in the past year, included at the end of my testimony.] Despite these many private efforts, emergency food stocks remain woefully short of demand.

Since 1983, the U.S. Department of Agriculture has supplemented private domestic hunger relief efforts through commodity donations made through the Emergency Food Assistance Program (TEFAP). TEFAP is the cornerstone program in the charitable efforts to feed America's hungry, and is the bridge between public and private hunger relief efforts. TEFAP is a unique community based and community supported Federal nutrition program, which relies on volunteers at food banks and local agencies to prepare and distribute federally donated agricultural commodities to hungry people in those communities.

At the urging of food banks and others, major reform of TEFAP was undertaken by the Congress in 1996 with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (P.L.104-193). That legislation combined TEFAP with the Soup Kitchen/Food Bank Program, and authorized \$100 million in annual mandatory commodity purchases. The effort to strengthen TEFAP and extend its benefits was led by the late Mr. Emerson and the members of this Subcommittee. We are very grateful for those efforts and the considerable increase in food which your work has made possible.

The TEFAP reforms enacted in 1996 have been instrumental helping food banks and local charities meet increased requests for emergency food assistance. Federal commodity donations to food banks more than doubled after the passage of the 1996 welfare reform law, from approximately 85 million pounds of commodities in 1996 to 190 million pounds in 1997.

TEFAP serves the public good in two primary and important ways: high quality, nutritious food gets to hungry Americans in an efficient manner utilizing the assistance and efficiencies of the private sector, and the agricultural economy is strengthened through surplus removal and providing a non-competitive market for agricultural commodities. A 1994 USDA-Economic Research Service report stated "although TEFAP's sector-wide farm impacts are small because the program is small, producers of the commodities donated through TEFAP can be significantly affected. as a surplus disposal program TEFAP returned to farmers approximately 85 cents for every dollar of Federal TEFAP expenditure." [I would like to ask Mr. Chairman, that the text of that report, in its entirety, be made part of the hearing record.] TEFAP provides increased farm income and serves as direct connection between America's farmers and hungry Americans in a manner which few other programs can.

In fiscal year 1997, TEFAP commodities (purchased and bonus) represented more than 15 percent of all the food supplied through the Second Harvest network. Nearly 190 million pounds of TEFAP food—the equivalent of 148 million meals—was distributed through the Second Harvest network last year. We estimate that a similar level of TEFAP commodities (150 million to 180 million pounds) will be distributed through the network of food banks in fiscal year 1998. Though USDA commodities represent a proportionally small amount of the total food distributed through our network, TEFAP commodities are critical in that they help stabilize a massive system of unpredictable donated supplies that are typical in a charitable network such as ours.

According to our research, the types of food most needed by local charities, primarily meat, dairy, fish, fruits and vegetables, and grain products, are almost exclusively the commodities provided through TEFAP. Those are also the least likely types of food to be donated in significant quantities or with any kind of regularity. This year, nearly two dozen types of nutritious commodities will be available to food banks through TEFAP mandatory commodity purchases.

In the area of bonus commodities, those purchased by USDA under the Department's section 32 surplus commodity removal authority, high quality food such as beef, pork, lamb, turkey, wheat (pasta), fruits and nuts, have all been made available to food banks in fiscal year 1998. This year, the donation of surplus commodities will exceed \$80 million, nearly doubling the amount of commodities food banks have to distribute to local charities, and keeping the Federal commodity donation level in fiscal year 1998 close to the fiscal year 1997 levels.

USDA's section 32 surplus removal activity creates a win-win situation at the present time. American farmers, faced with one of the most significant commodity price downturns in recent memory benefit from the market surplus removal, and needy Americans benefit through the distribution of those commodities to people who might otherwise go hungry.

Unfortunately, the outlook for fiscal year 1999 TEFAP commodities are not as promising. The fiscal year 1999 Agriculture, Rural Development, FDA, and Related Agencies Appropriations bills (H.R. 4101/S. 2159), now being considered in conference committee, reduces TEFAP mandatory food purchases by \$10 million in the House bill and \$20 million in the Senate bill. Those cuts, if enacted, will mean a loss of more than 8.6 million pounds of food in the House version, and 17 million pounds of food—or 13 million meals—in the Senate version, respectively. Without the Agriculture Appropriations conference committee restoring those funds to the \$100 million level authorized, and paid for, it is very likely that local charities will be forced to turn needy people away due to a lack of adequate food resources.

The depth of the fiscal year 1999 TEFAP cuts currently being considered will have a significant local impact on the charitable response to hunger. For example, we anticipate a loss of more than \$1 million in beans, rice, peanut butter, canned vegetables and similar TEFAP commodities from Texas food banks. Between 330,000 and 700,000 pounds of commodities which would otherwise be available to Oklahoma food banks will be lost. In Virginia and North Carolina, between \$200,000 and \$500,000 in TEFAP commodities could be cut from each of those States, as a consequence of the cuts under consideration by the Agriculture Appropriations conference committee.

It is tragic to cut TEFAP at a time when food banks, food pantries and soup kitchens are reporting that approximately 16 percent of emergency food requests currently go unmet. Furthermore, it is simply unconscionable to reduce Federal food donations to charities by 10 to 20 percent as suggested by the appropriators when independent research suggests a national shortfall of 900 million pounds of emergency food and when local feeding charities are forced to turn away more than 100,000 hungry Americans in 1997 alone.

The Emergency Food Assistance Enhancement Act of 1998 (H.R. 4571), will help food banks and other private hunger relief charities to meet some of the need we are currently experiencing. The legislation would increase TEFAP mandatory commodity purchases by \$20 million, each year through fiscal year 2002, bringing total TEFAP commodity food purchases to \$120 million in those years, and thereby increasing TEFAP commodities by an additional 17 million pounds each year.

Americans are a fair, compassionate and generous people, and it is through their kind donations of food, funds, and volunteer time that food banks are able to come to the aid of the 21 million low-income people with emergency hunger relief. But, more must be done. Hunger relief charities are the last line of defense against hunger in most American communities, and too many needy people have already been turned away for a lack of food and resources.

In light of the nation's considerable agricultural surpluses and the first Federal budget surplus in three decades, it is morally unacceptable that there are tens of

thousands of American children that may go to bed tonight because they have no food in their home or because the church pantry they have visited is empty. The TEFAP commodity provisions of the Emergency Food Assistance Enhancement Act will put food into food banks and will provide an additional 13 million meals to children, the elderly, the homeless, and working poor families in need.

Second Harvest strongly endorses the TEFAP provisions of H.R. 4571, and we urge that those provisions be enacted in the 105th Congress. We do not want to begin the new fiscal year, and the holiday season, with food shortages at emergency feeding sites.

Thank you Mr. Chairman, Congresswoman Clayton and members of the subcommittee. I will be available to answer your questions.

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Submitted by Hon. Clayton

| NORTH CAROLINA   |                      |                             |                      |
|--|----------------------|-----------------------------|----------------------|
| Highlights of Services, Staffing, and Finances in 1996 |                      |                             |                      |
| Social Services  | Unduplicated Clients | Emergency Services          | Unduplicated Clients |
| <b>Total</b>   | <b>14,874</b>        | <b>Total</b>                | <b>44,092</b>        |
| Adoption   | 236                  | <b>Food</b>                 | <b>23,797</b>        |
| Counseling   | 3,473                | Soup Kitchens               | -                    |
| Education and Family Support                           | 4,552                | Food Banks and Pantries     | 23,797               |
| Foster, Group and Residential Care                     | 55                   | Other Food Services         | -                    |
| Health Services  | 1,713                | <b>Shelter</b>              | <b>50</b>            |
| Permanent Housing                                      | 10                   | Temporary Shelter           | 17                   |
| Pregnancy Services                                     | 335                  | Other Shelter Services      | 33                   |
| Refugee Resettlement and Immigration                   | 1,428                | <b>Other Assistance</b>     | <b>20,245</b>        |
| Social Support   | 3,072                | Case Management             | 815                  |
| Socialization & Neighborhood Support                   | -                    | Clothing                    | 5,333                |
| Other  | -                    | Disaster Response           | 10,250               |
| <b>Specific Programs</b>                               |                      | Financial                   | 1,268                |
| Addiction Treatment                                    | 16                   | Medication                  | 1,038                |
| Child Day Care   | -                    | Referrals                   | 1,202                |
| Completed Adoptions                                    | 44                   | Services for Abused Persons | -                    |
| Employment & Training                                  | 313                  | Utilities                   | 339                  |
| Families at Risk                                       | 999                  | Other                       | -                    |
| HIV/AIDS   | 10                   |                             |                      |
| Pregnant Women   | 278                  |                             |                      |
| <b>Staffing</b>  |                      | <b>Finances</b>             |                      |
| Paid Staff   | 101                  | Cash Income                 | \$ 3,224,928         |
| Volunteers   | 668                  | In-Kind Contributions       | \$ 228,245           |
|  |                      | Expenditures                | \$ 3,259,914         |

Source: Catholic Charities USA 1996 Annual Survey



Catholic  
Charities  
USA

## State Welfare Reform Project

### Summary of Parish Social Ministries Welfare Reform Survey April 6, 1998

The following summary is based on 24 responses to the second Welfare Reform Parish Impact Survey sent to Catholic Charities USA's parish social ministry leaders in 82 dioceses in January 1998. The first survey, sent in June 1997, illustrated that two-thirds of responding parishes saw increases in need for emergency food ranging from 5-20%, and nearly half saw increases in need for emergency shelter in the wake of welfare reform. The January 1998 survey is a follow-up to the summer survey since the effects of welfare reform will only be known over time as states and counties fully implement new policies.

#### **1. Demand for Services: Have requests for services increased, decreased or remained the same since June 1997?**

##### **Emergency Food Assistance**

Approximately 79% of respondents reported an increase in demand for emergency food assistance, up from 68% in the June survey. Reported increases ranged from 10% to 100%. The average rate of increase cited was 26%. The following are examples:

- Colorado Springs, CO: "We are seeing an increase in demand from single men or couples without children because food stamps are more difficult for them to obtain."
- Adrian, MI: "Increase from 224 clients to 416 clients."
- Manchester, NH: "A conservative estimate of 25% increase in demand has been seen based on requests of member agencies, parish food pantries, our food bank and the number of people served by soup kitchens and shelters..."

##### **Emergency Housing Assistance**

50% of respondents reported an increase in demand for emergency housing that they attributed to welfare reform, up from 40% in the June 1997 survey. Reported increases ranged from 10-50%. Examples:

- Austin, TX: Two parishes reported sharp increases: one cites a 40-50% rise in demand, the other notes that housing requests more than doubled from 2 to 5 per week.
- St. Joseph, MO: "Up significantly."
- Jackson, MS: "Many are losing homes and moving in with families."

### **Job Training**

25% of respondents reported an increase in demand for job skills training, tuition, or job placement services, down from 40% in the June survey. Examples:

- Little Rock, AR: "Job training is very scarce and our state welfare plan provides very little funding for this."
- Fenton, MI: 50% increase in job training requests.
- Austin, TX: "Request doubled from 5 to 10 per month."

### **Child Care**

25% of respondents noted an increase in demand for child care that they attributed to welfare reform, about the same as the 29% who reported an increase in June.

### **Education and Citizenship Programs**

8% reported increased demand for education and citizenship services as a result of welfare reform.

### **Other Services**

Approximately 16% of respondents reported an increase in requests for assistance with utility payments.

## **2. Parish Responses – What creative actions have your parishes undertaken in response to welfare changes?**

One in four parishes are offering innovative services in addition to traditional emergency services in response to welfare reform. The following programs were highlighted in survey responses:

- Little Rock, AR: Parish Mentoring Project  
All parishes will be encouraged to mentor and help a family make the transition from welfare to work in order to achieve economic self-sufficiency. The Diocesan Social Action Office is partnering with a statewide children's advocacy group to provide training on how to establish and implement parish mentoring programs.
- Colorado Springs, CO: Interfaith Hospitality Network (IHN)  
One parish added the IHN program to shelter, transport and feed homeless families for a week while they search for jobs and/or housing.

- Manchester, NH: Several initiatives  
New Hampshire's Parish Social Ministry director reports that they are developing a welfare to work pilot program, expanding the SHARE-Food Co-ops and educating parishes on welfare reform public policy issues.
- Lockport, IL: Before- and after-school child care program

### **3. Parishioner Responses - Has welfare reform led to increased volunteerism in parishes?**

Approximately 21% of respondents indicated an increase in volunteerism at the parish level since June 1997 (39% reported an increase in the summer survey.)

#### **Conclusion**

Welfare changes continue to impact parish social ministries around the country. The reported increases in demand for emergency food services and housing assistance are especially striking and disturbing. It appears that the cuts in food stamp programs that were part of the 1996 federal welfare overhaul are at least partially responsible for the sharp rise in people seeking food from parish social services.

Parishes are responding as best they can but in some cases are overwhelmed by the rising demand for assistance. As one respondent put it, "We are at our wit's end maintaining current support levels." This reality makes it more difficult for parish social ministries to implement innovative services in response to welfare changes. Nevertheless, this survey indicated that a number of parishes have begun new programs since June 1997 in the continued effort to help people make the difficult transition from welfare to work. As more people are cut from welfare rolls in the months and years ahead, it seems certain that the demand for both traditional emergency services (food, housing, etc.) and innovative welfare to works services (job training/placement, child care and mentoring) will grow, putting even more pressure on parish social ministries that are struggling to keep up.



## Catholic Charities USA 1996 Survey Summary

### Social services: 4.8 million people

To help people to gain self-sufficiency  
Nearly 1 million children and adolescents (18 and younger)  
More than 3 million adults  
671,457 elders (65 and older)

#### Social support: 967,681 people

Social support includes child and adult day care, respite care, and employment, transportation, and housing search services.

#### Counseling: 825,820 people

Catholic Charities agencies provide individual, family, marital, and group counseling as well as peer counseling, addiction services, and mediation.

#### Education and family support: 655,581 people

This includes family life and parenting education, marriage preparation, Head Start, and drug and alcohol awareness.

#### Health-related services: 1,458,950 people

Services include physician referral, health clinics, home health care, dental care, and hospice care.

#### Socialization and neighborhood support: 316,306 people

This category includes youth and neighborhood centers, children's summer camps and sports programs, and senior centers.

#### Refugee resettlement and immigration: 299,324 people

Refugees and immigrants receive help with family reunification; education, legal, and employment services; and language classes.

#### Pregnancy services: 80,937 people

Pregnant women and girls receive pre- and post-natal care, material assistance and housing, continuing education, and pregnancy counseling. Families and the babies' fathers also receive help.

#### Residential care: 107,659 people

Catholic Charities agencies offer foster home care for children and residential treatment for troubled or abused youth. Group homes offer a nurturing environment for youth, elders, and people with disabilities.

#### Housing: 61,709 people

Catholic Charities helps families and individuals to keep or obtain permanent housing. Agencies provided, sponsored or managed 48,935 units in 1996.

#### Adoption services: 41,945 people

Adoptive homes were found for 3,764 children, including infants, 1,940 special-needs children, and 427 children from other countries. Also included: services to adult adoptees, pre-adoption foster care, and post-adoption services.

### Total served in 1996: 12.8 million people

### Emergency services: 7.9 million people

Food, shelter, and other crisis services  
Includes more than 1.6 million children

#### Food services: 5,646,731 people

Soup kitchens: 1,049,759

Food banks: 2,741,870

Other food: 1,855,102

1,027,404 recipients were children.

#### Shelters: 241,583 people

Catholic Charities agencies offer shelter to children and families, battered women, senior citizens, and others who are homeless. There were 280 shelters operated in 1996.

#### Other emergency services: 2,050,553 people

This includes 560,573 children (18 and younger). "Other" services include financial assistance, clothing, referrals, medication, and disaster response assistance.

#### Treatment and special services

Addiction services: 52,839

Employment services: 69,677

Child day care: 29,932

HIV/AIDS services: 45,314

Intensive services  
for at-risk families: 241,380 families

#### New programs

##### Examples of programs initiated in 1996:

- Family intervention
- Homeless prevention services
- Education programs, such as ESL and career planning
- Youth programs, including mentoring

#### Waiting lists

##### Services with waiting lists:

- Counseling
- Residential care
- Health care services
- Permanent housing
- Day care
- Family preservation services

#### Personnel

In 1996, 282,926 people contributed to the work of Catholic Charities agencies and institutions across the country.

Paid staff members: 46,143

Volunteers: 227,239

Volunteer board members: 9,544



## 1996 Survey Summary Catholic Charities USA

Building community  
Supporting families  
Reducing poverty

Catholic Charities USA is the nation's largest, private network of independent, social service organizations. Some 1,400 local agencies and institutions, with nearly 283,000 staff members and volunteers, aim to reduce poverty, support families, and empower communities in the United States. People receive help without regard to their religious, racial, ethnic, or economic background. Catholic Charities USA also responds to domestic disasters on behalf of the U.S. Catholic community.

*This information is taken from Catholic Charities USA 1996 Annual Survey, compiled by Patricia Flynn & Associates Research Corp., Washington, DC.*

### Community action

#### Rooting out poverty

##### Social action

In addition to directly serving people, local Catholic Charities agencies and institutions work to change the conditions that cause hunger, homelessness, and family distress. Most Catholic Charities agencies (90 percent of survey respondents) addressed public policy issues at the state, local, or national level. They participate in coalitions seeking change, consult with public officials, help develop or revise regulations, and provide testimony on issues of concern.

In 1996, agency social policy activities on the national level most often focused on income security, welfare reform, and employment. Other top concerns were international justice and peace, and hunger and nutrition.

Income security also topped the list on the state level, where health care, insurance, and adoption also were common issues. Prominent local issues included housing, hunger and nutrition, and income security.

##### Community programs

Catholic Charities agencies maintained 1,840 programs to address community concerns in 1996. They developed 412 new community programs, including 233 neighborhood or parish organizations and 52 cooperative organizations.

##### Parish social ministry

Catholic Charities encourages Catholic parishioners to volunteer in their neighborhoods, providing service and advocating for social justice. This effort is called parish social ministry. In 1996, agencies worked with 4,928 parishes (31 percent of parishes in their areas). Catholic Charities offers consultation, training, and needs assessment to parishes.

Catholic Charities enables communities to address their own needs through locally designed programs. Examples of parish social ministry are self-help groups for unemployed people and people affected by HIV/AIDS; programs to prevent community and family violence; and parish soup kitchens and food banks. Agencies also train parishioners in public education and legislative advocacy on social issues.

### 1996 in brief

People served: 12,764,389  
Emergency services: 7,938,867  
Social services: 4,825,522

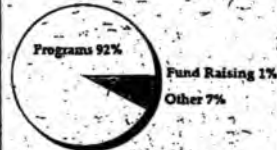
Income: \$2,154,506,918

Expenditures: \$2,053,507,893

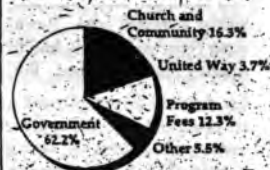
Paid staff: 46,143

Volunteers and board members: 236,783

#### 1996 Expenditures



#### 1996 Income (Cash and in-kind)



Submitted by Honorable Clayton

**Bread for the World**

A Christian Citizens' Movement in the USA

National Capital Office

## STATEMENT BY BREAD FOR THE WORLD REGARDING H.R. 4571

Bread for the World, a nation-wide Christian citizens' movement against hunger, strongly supports increased assistance for emergency food providers. However, we do not support cutting \$323 million (over five years) from the Food Stamp Program's employment and training funding as proposed in H.R. 4571.

Bread for the World supported additional funding for food stamp employment and training slots in the Balanced Budget Agreement of 1997. The funding was well targeted, benefiting an extremely vulnerable population – unemployed, low-skilled adults, more than 80 percent of whom have incomes below half the poverty line. Eliminating this funding only one year after it was approved is shortsighted and will hamper states' initiatives to help these unemployed people move back into the workforce.

Bread for the World fears that this bill's good intentions in seeking to help hungry people by providing more aid to food banks would inadvertently contribute to increased need for emergency food by cutting welfare slots and food stamp benefits for extremely low-income adults who are unable to find private sector jobs.

Alarming, the need for emergency food is increasing despite our robust economy. The U.S. Conference of Mayors' 1997 survey of 29 cities found an overall increase of 15% in the number of people seeking emergency food assistance. Second Harvest, the nation's network of food banks, also experienced a 15% increase in requests for their services in 1997. Catholic Charities agencies across the country experienced an average increase in demand for emergency food of 26 percent in the first half of 1998.

Food banks and other emergency food providers should receive additional assistance in meeting increased need. However, legislation that slashes more money from the Food Stamp Program can only lead to an even further increase in the number of people requiring emergency food. For this reason, Bread for the World opposes H.R. 4571.

Submitted by Hon. Clayton

Results*Creating the Political Will to End Hunger***EXECUTIVE DIRECTOR**Lynn McMillan  
RESULTS, Inc.**BOARD OF DIRECTORS**Hon. Sherwood Boehlert  
U.S. House of RepresentativesPeggy Clark  
Director  
Economic Opportunities Program  
Asian InstituteSam Daly-Harris  
President  
RESULTS, Inc.  
RESULTS Educational FundMarion Wright Edelman  
President  
Children's Defense FundVicky Gorman, MD  
President, ASAPOSARValerie Harper  
ActressJ. Herman  
Omniworld Board MemberCarol Kane  
ActressSarah Kassen  
PhilanthropistErnest Lovinathan  
Dir. General, Food Aid Center  
Canadian International  
Development AgencyCarolyn Freedy  
Omniworld Board MemberMichael Rubinstein  
Omniworld Board MemberMark Schatzki  
Actor, Founder, Project EnterpriseJan Twombly  
Omniworld Board MemberProf. Muhammad Yunus  
Managing Director  
Grameen BankOrganizations listed for  
informational purposesRepresentative Eva Clayton  
House Department Operations, Nutrition  
and Agriculture Subcommittee  
Washington, DC 20515

Dear Chairman Goodlatte:

I am writing on behalf of RESULTS, Inc. regarding H.R. 4571. RESULTS is a grassroots, citizen-based lobby dedicated to creating the political will to end hunger. We have had the pleasure of working with your office, and greatly appreciate your leadership on behalf of domestic nutrition programs. RESULTS has expended a good deal of energy in recent years lobbying to protect the safety net for the poorest of Americans.

RESULTS has serious concerns about the offsets offered in H.R. 4571, the bill offered by Representative Goodlatte to provide increased resources for food banks and other emergency food providers. While we agree with Representative Goodlatte that increasing the money that the federal government provides to support the activities of food banks is a good idea, we feel the elimination of \$300 million for food stamp work slots should not be the offset. This will result in an increased number of people who in fact are willing to work for their food stamps, losing their benefits. Given the stated goals of the 1996 welfare reform bill, to increase incentives for people to find work, the use of this offset is unfortunate.

Furthermore, those affected by this cut are the least able to absorb it. Over 50% of those affected by the cut of funding for work slots have no other income. Over 90% of these persons have no assets whatsoever, and only a scant few have over \$200 in assets.

We most fear that this action will increase the number of Americans forced to visit emergency food facilities to meet their nutritional needs. At a March press conference generously hosted by Representative Goodlatte and the subcommittee, the Second Harvest Food Bank Network announced that last year their facilities were used by 21 million unduplicated clients. While it was clear at that press conference that the Second Harvest Network and other emergency food providers need as much help as they can get, it was also clear that we should avoid policies that will increase the need for the services that food banks provide. Through the offset proposed in H.R. 4571, there is the likelihood of increased visitation of emergency food facilities by those who would normally qualify for their benefits through work. They will be moved from the empowering situation of knowing they are doing something to earn

their benefits, to a situation where they while have to visit emergency food facilities to feed themselves.

We urge you to search for a more agreeable offset that more carefully works to reduce hunger and suffering here in the United States. Despite its worthy goal, we believe that unless Congress can find a better offset for H.R. 4571 we risk robbing Peter to pay Paul. Please work to find a better, mutually agreeable solution.

Sincerely,

A handwritten signature in black ink, reading "Lynn McMullen". The signature is fluid and cursive, with the first name "Lynn" and last name "McMullen" clearly distinguishable.

Lynn McMullen  
Executive Director  
RESULTS

Submitted by Hon. Clayton



September 22, 1998

Representative George Brown  
Rayburn House Office Building, Suite 2300  
South Capitol St and Independence Ave SW  
Washington, DC 20515

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SUITE 500  
SAN FRANCISCO  
CA 94102  
T: (415) 777-0000  
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E: OFFICE@CALFPA.ORG  
WWW.CALFPA.ORG

Dear Representative Brown,

California Food Policy Advocates urges you to oppose H.R. 4571 because, while it would provide for a modest expansion of The Emergency Food Assistance Program, this would be more than offset by an enormous loss of food stamp workfare funding.

As a statewide nonprofit organization working to improve the health and well-being of low-income Californians by increasing their access to nutritious and affordable food, CFFPA consistently supports all of the federal nutrition programs, including TEFAP and food stamps. We are gravely concerned that H.R. 4571, which contains a \$20 million increase in TEFAP, also contains a loss of \$323 million in food stamp workfare funding, representing an estimated loss of \$800 million in benefits for low-income people willing to work. With food stamp workfare programs gearing up to expand in the next few years, this legislation could potentially cripple welfare-to-work and anti-hunger efforts in California.

The proposed legislation would eliminate all of the additional funds for the Food Stamp Employment and Training program (FSET) contained in the Balanced Budget Act of 1997. Eighty percent of this funding is targeted towards single adults without dependents who would otherwise lose food stamps after three months. California has never fully utilized FSET funding, but in light of the new work requirements for single adults, counties throughout the state are showing signs of starting, improving and expanding work programs for their food stamp populations. According to a survey conducted by CFFPA, five counties are considering starting FSET programs this year while several more wish to expand programs to include all those offered. In addition, Los Angeles County sponsored state legislation to increase the amount of FSET funds available to the single adult population in Los Angeles County alone by \$10 million.

Without the building pressure from counties and the availability of federal funds, the state is unlikely to provide any assistance to this vulnerable population. The elimination of all funding for food stamp work slots will create serious problems in California:

- Many counties will not be able to provide work opportunities to all single adults willing to work for their food stamps. This is completely inconsistent with every principle of welfare reform. Low-income people who are willing to work should be the last people cut off of benefits.

generally do not qualify for any other federal assistance program. Over 80% have income below half of the federal poverty line.

- Without the opportunity of doing workfare, those subject to the time limits will face severe hardship. The food stamp workfare funds were added last year precisely because no opportunities for work existed, thus making the single adult work provision of welfare reform not welfare-to-work but simply a cut in benefits. Many recipients who "play by the rules" by searching for employment are likely to be unable to find work; without a workfare slot, many will be denied food stamps and left destitute.
- The loss of FSET funding will undermine efforts in California to provide workfare opportunities to low income single adults. One problem facing California is the substantial start-up time required by counties to request funding, develop effective programs, and set up new systems for eligibility workers. Since fiscal constraints prevent many counties from expanding or improving their county-financed General Assistance programs, FSET programs are often the only resource available to these single adults willing and wanting to work.

Again, we support increased funding for TEFAP, but not at the expense of such a vital program for such a neglected and stricken desperate population of people. California counties are at a critical phase in developing food stamp work programs, and the loss of federal funding could destroy these important efforts. Literally tens of thousands of very poor people will face an increase in hunger that no amount of increase in TEFAP funding will replace. We urge you to find a more constructive way to increase TEFAP funding.

Thank you for your consideration of this matter.

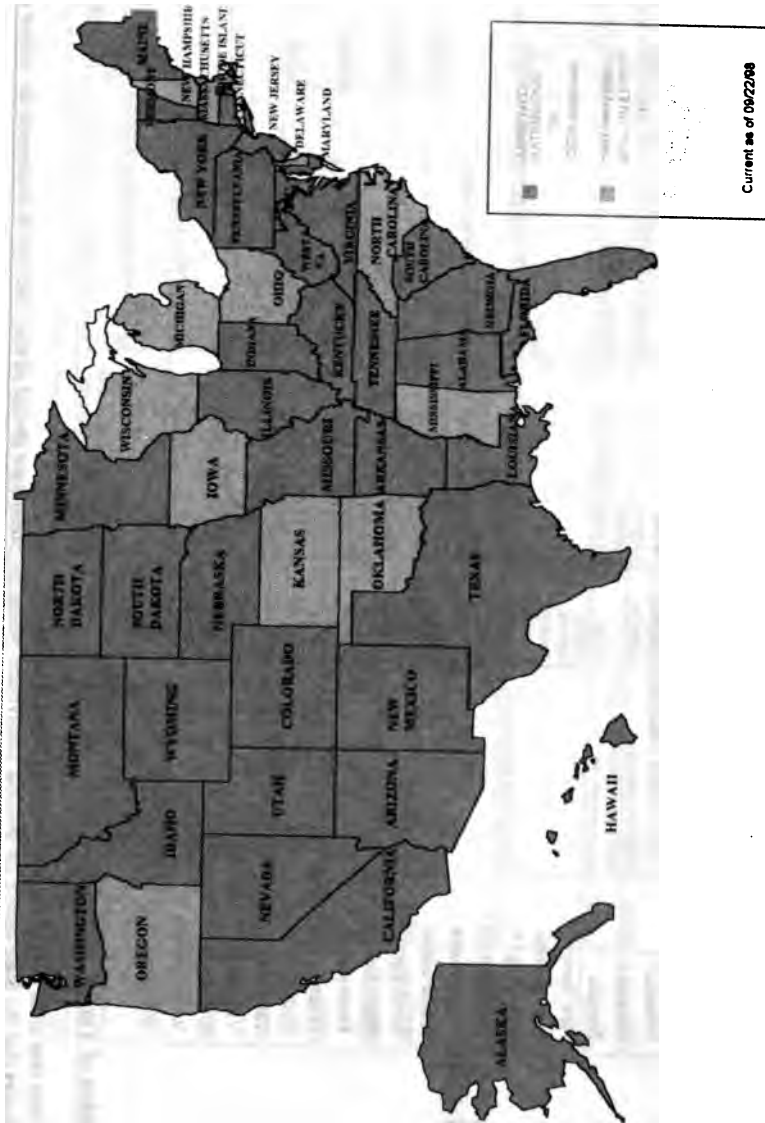
Sincerely,



Ed Boien

Food Program Advocate

## STATUS OF ABAWD WAIVERS



Updated 9/4/98

## Summary of Requests to Waive Section 824

### Approved Extensions (39)

|                      |                |
|----------------------|----------------|
| Alabama              | Missouri       |
| Alaska               | Nebraska       |
| Arizona              | Nevada         |
| Arkansas             | New Jersey     |
| California           | New Mexico     |
| Colorado             | New York**     |
| Connecticut          | North Dakota   |
| District of Columbia | Pennsylvania   |
| Florida              | Rhode Island   |
| Georgia              | South Carolina |
| Hawaii               | South Dakota   |
| Idaho                | Tennessee      |
| Illinois             | Texas          |
| Indiana              | Utah           |
| Kentucky             | Vermont        |
| Louisiana            | Virginia**     |
| Maine*               | Washington     |
| Maryland             | West Virginia  |
| Minnesota            | Wyoming        |
| Montana              |                |

### Definition of Terms

\* Indicates that all or part of the waiver is still in the evaluation process.

\*\* Indicates that the State agency (or political subdivisions within the State) have elected or may elect not to implement the waiver as approved.

### 1997 Waivers Still in Effect (1)

New Hampshire (Expires 9/30/98)

# WAIVERS OF SECTION 824

Updated 9/4/98

| STATE      | WAIVER NUMBER | TYPE   | DATE RECEIVED   | NUMBER OF COUNTIES, CITIES OR OTHER AREAS   | APPROVAL DATE   | EXPIRATION DATE       |
|------------|---------------|--|---|---|---|-----------------------|
| Alabama    | 970043        | Unemployment greater than 10 %                       | Extension request<br>12/1/97                          | 11 Counties   | Extension request approved for 11 counties<br>12/1/97 | Extension<br>12/31/98 |
| Alabama    | 970225        | Insufficient jobs                                    | Extension request via fax<br>2/27/98                  | 18 Counties (extension)   | Extension approved 4/2/98                             | 3/31/99               |
| Alaska     | 970187        | Insufficient jobs                                    | Extension received<br>3/11/98                         | 4 Census areas  | Extension approved 3/19/99                            | 3/31/99               |
| Alaska     | 970186        | Unemployment greater than 10 %                       | Extension received<br>3/11/98                         | 16 census areas   | Extension approved 3/19/98                            | 3/31/99               |
| Arizona    | 970148        | Insufficient jobs                                    | Extension<br>3/3/98                                   | 11 counties (2 partial counties) as LSAs  | Extension approved 3/9/98                             | 2/28/99               |
| Arizona    | 970149        | Unemployment greater than 10 %                       | Extension<br>3/3/98                                   | 5 Indian reservations   | Extension approved 3/9/98                             | 2/28/99               |
| Arkansas   | 980013        | Insufficient jobs                                    | 11/20/97<br>4/6/98 (modification)                     | 26 counties and 1 city (extension of current waivers plus 7 additional counties designated as LSAs); Further modified to add Searcy County. | Approved 12/18/97<br>Modification approved 4/10/98    | 12/31/98              |
| California | 970123        | Unemployment greater than 10 %                       | Request for retroactive extension received<br>7/11/98 | Extension limited to 9 counties   | Extension approved 7/24/98, retroactive to 4/1/98.    | 9/30/98               |
| California | 970279        | Insufficient jobs and unemployment greater than 10 % | 6/1/97  | Six neighborhoods in San Francisco  | Approved 7/11/97                                      | 7/31/98               |
| Colorado   | 970069        | Insufficient jobs (LSA Designation)                  | Extension request received 7/2/98                     | 8 counties  | Approved 7/17/98, retroactive to 2/1/98.              | 2/28/99               |
| Colorado   | 970069        | Insufficient jobs                                    | 12/28/96  | 6 counties based on lack of sufficient jobs (small population)  | Not approvable  | NA                    |

|                      |        |   |  |   |   |          |
|----------------------|--------|---|--|---|---|----------|
| Colorado             | 970147 | Insufficient jobs   | Request for extension received 12/23/97 (Ute Mountain) | Ute Mountain Indian Reservation                                       | Extension request approved 1/14/98  | 2/28/99  |
| Connecticut          | 970303 | Unemployment greater than 10 %                                  | 7/23/97 Extension request                              | City of Hartford  | Approved 8/1/97 Extended 11/26/97   | 12/31/98 |
| Connecticut          | 970304 | Insufficient jobs (LSA designation)                             | 7/23/97 Extension requested                            | 14 cities and towns 2 towns added                                     | Approved 8/1/97 2 towns added 11/26/97  | 12/31/98 |
| Connecticut          | 970305 | Insufficient jobs (Unemployment 20% above the national average) | 7/23/97 Extension requested                            | 9 towns   | Approved 8/1/97 for the towns of Derby, Plymouth, New Haven, and Norwich. Approval withheld for Union, Stafford, Windsor Locks, East Haven, and West Haven. Extended 11/26/97 | 12/31/98 |
| District of Columbia | 970118 | Insufficient jobs & Unemployment greater than 10 %              | Extension request 11/28/97                             | Entire District   | Extension request approved 12/18/97   | 2/28/99  |
| Florida              | 970133 | Unemployment greater than 10 %                                  | Extension 2/19/98                                      | 4 counties and 2 cities (extension)                                   | Extension approved 3/2/98   | 2/28/99  |
| Florida              | 970134 | Insufficient jobs   | Extension 2/19/98                                      | 13 entire counties, 2 partial counties, and 1 city designated as LSAs | Approved 3/2/98 (12 counties, 14 cities 1-year approval)  | 2/28/99  |
| Florida              | 970150 | Insufficient jobs   |  | 3 counties based on declining employment to population ratios         | 3/2/98 - Data insufficient to support waiver  |          |
| Georgia              | 970087 | Unemployment greater than 10 %                                  | Extension request 10/31/97                             | 1 county and one city based on unemployment rate greater than 10 %    | Extension request approved 12/8/97  | 12/31/98 |
| Georgia              | 970088 | Insufficient jobs   | 12/8/97 Extension request received                     | 37 counties based on insufficient jobs (LSAs)                         | Extension request approved 12/8/97  | 12/31/98 |
| Hawaii               | 970050 | Unemployment greater than 10 %                                  | 12/1/97 (extension)                                    | Islands of Hawaii, Kauai, and Molokai                                 | Extension approved 1/14/98  | 12/31/98 |
| Idaho                | 970161 | Unemployment greater than 10 %                                  | 12/6/98 (extension request)                            | 3 Indian reservation  | One reservation is located in 2 counties exempt based LSA and unemployment over 10%; Extension approved 2/12/98   | 2/28/99  |

|           |        |  |   |   |  |                                       |
|-----------|--------|--|---|---|--|---------------------------------------|
| Idaho     | 970162 | Insufficient jobs  | 1/26/98<br>(extension request)<br>Extension for Duck Valley received 7/9/98 | 2 Indian reservations<br><br>Extension for Duck Valley is pending   | Extension approved 2/12/98   | 2/28/99                               |
| Illinois  | 980017 | Insufficient jobs<br>28 counties and 15 cities designated as LSAs and 4 counties, 2 cities and 82 municipalities based on unemployment greater than 20 percent above the national average. | 11/7/97   | 28 counties and 15 cities designated as LSAs and 4 counties, 2 cities and 82 municipalities based on unemployment greater than 20 percent above the national average. | Approved 12/1/97<br>Supersedes all prior waivers   | 12/31/98                              |
| Indiana   | 970155 | Insufficient jobs (LSA designation)  | Extension request 3/5/97  | 3 cities 4 counties (extension)   | Extension approved 3/12/98   | 3/31/99                               |
| Kentucky  | 970045 | Unemployment greater than 10%  | Extension via fax 12/17/97  | 16 Counties<br>Addition of Taylor County  | Extension approved 1/14/98<br>Addition of Taylor County approved 4/29/98                   | Addition of Taylor County<br>12/31/98 |
| Kentucky  | 970046 | Insufficient jobs  | Via fax 12/16/96<br>Extension via fax 12/17/97                              | Extension request would apply to 56 counties, one city and one partial county.  | Extension request approved 1/14/98   | 12/31/98<br>(extension)               |
| Louisiana | 970025 | Unemployment greater than 10%  | Extension request received 11/5/97  | 13 parishes   | Extension approved 12/1/97, 10 parishes based on unemployment greater than 10%, 3 as LSAs. | 12/31/98                              |
| Louisiana | 970075 | Insufficient jobs  | Extension request received 12/17/97   | 28 parishes and 3 cities (extension for 1998)   | Extension approved 12/30/97  | 12/31/98                              |
| Maine     | 970140 | Insufficient jobs  | Extension request received 12/18/97   | 6 counties and Farmington LMA (extension request)   | Extension approved 2/9/98  | 3/31/99                               |
| Maine     | 970141 | Insufficient jobs  | Extension request received 12/18/97   | Penobscot Indian Reservation  | Extension approved 2/9/98  | 3/31/99                               |

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|-----------|--------|--|--|--|---|----------|
| Maine     | 970315 | Insufficient jobs  | 7/11/97                                      | Sanford Labor Market Area (LMA), Kennebec and Penobscot Counties<br>Extension would apply to Augusta, Gardiner, Hallowell, Waterville, Dexter-Pittsfield, Lincoln-Howland, Outer Bangor, Millinocket-East Millinocket, Patten-Island Falls, and Hallowell.<br>Extension pending. | Approved 8/22/97 for the Waterville LMA in Kennebec County and the Dexter-Pittsfield, Lincoln-Howland, Outer-Bangor, Millinocket-East Millinocket, and Patten-Island Falls LMAs in Penobscot County. Approved September 11, 1997 for the towns of Augusta, Gardiner, and Hallowell.<br>Extension pending. | 8/31/98  |
| Maine     | 970337 | Insufficient jobs - No reliable vehicle to commute to work   | 9/30/97                                      | Statewide  | Not approvable under the Act - 11/3/97  |          |
| Maine     | 970344 | Insufficient jobs - Homeless individuals   | 9/30/97                                      | Statewide  | Not approvable under the Act - 11/3/97  |          |
| Maine     | 970345 | Insufficient jobs - Low literacy   | 9/30/97                                      | Statewide  | Not approvable under the Act - 11/3/97  |          |
| Maine     | 970346 | Insufficient jobs - Individuals with inadequate skills, education or employment experience   | 9/30/97                                      | Statewide  | Not approvable under the Act - 11/3/97  |          |
| Maine     | 970347 | Insufficient jobs - Migrant farm workers   | 9/30/97                                      | Statewide  | Not approvable under the Act - 11/3/97  |          |
| Maryland  | 980052 | Unemployment greater than 10 %   | 1/12/98                                      | Three jurisdictions based on unemployment rate greater than 10 %   | Approved 3/3/98   | 2/28/99  |
| Maryland  | 970073 | Insufficient jobs (LSAs)<br>Extension request includes areas designated as LSAs as well as additional areas with insufficient jobs | 1/12/98<br>(extension)                       | Extension request approved for 3 counties and 2 cities based on LSA designation. Request denied for 11 counties based on declining job growth (employment to population ratios)  | Extension request approved 3/3/98   | 2/28/99  |
| Minnesota | 970074 | Unemployment greater than 10 %<br>(Combines all waivers based on this criteria except Indian reservations)                         | Request for extension<br>11/13/97            | 2 counties   | Extension approved 12/9/97<br>(Combines all waivers based on unemployment greater than 10%, except Indian reservations.   | 12/31/98 |
| Minnesota | 970142 | Unemployment greater than 10 %   | 2/26/97<br>Extension request received 3/9/98 | 7 Indian reservations  | Approved 3/20/97 for 7 reservations based on unemployment greater than 10 %   | 3/31/99  |
| Minnesota | 970170 | Insufficient jobs  | 2/28/97<br>Extension request received 3/9/98 | 1 Indian reservation   | Extension approved 4/9/98<br>Extension approved 4/9/98 for the Lower Sioux Reservation  | 3/31/99  |

|               |        |   |   |  |   |   |
|---------------|--------|---|---|--|---|---|
| Minnesota     | 980014 | Insufficient jobs (Combines all previous waivers based on this criteria except Indian reservations) | 11/13/97  | 13 Counties previously approved Beltrami County (new)  | Approved 12/9/97  | 12/31/98  |
| Missouri      | 970117 | Unemployment greater than 10 %  | 2/9/98<br>(extension)   | 2 counties with unemployment greater than 10 %<br>2 additional counties (4 total)<br>Extension applies to 3 counties | Extension approved 2/1/98   | 2/28/99   |
| Missouri      | 970129 | Insufficient jobs   | 2/9/98<br>(extension)   | 23 counties and 2 cities based on insufficient jobs (LSAs)<br>28 counties and 1 city<br>(extension)                  | Extension approved 2/1/98   | 2/28/99   |
| Montana       | 970090 | Insufficient jobs   | 2/10/98<br>(extension)  | 13 counties based on insufficient jobs (LSAs)  | Extension request approved 3/6/98   | 3/31/99   |
| Montana       | 970089 | Unemployment greater than 10 %  | 2/10/98<br>(extension)  | Three counties based on an unemployment rate greater than 10 %   | Extension request approved 3/6/98   | 3/31/99   |
| Montana       | 970146 | Unemployment greater than 10 %  | 2/20/97   | Seven Indian reservations  | Extension request approved 3/6/98.<br>Blackfeet, Crow, Ft. Belknap, Northern<br>Cheyenne and Rocky Boy Reservations<br>based on unemployment exceeding 10%<br>using census share ratios; Flathead and Ft.<br>Peck Reservations based low employment<br>to population ratios using BIA data. | 3/31/99 ;<br>Flathead and Ft.<br>Peck<br>Reservations<br>approved<br>through 8/31/98. |
| Nebraska      | 970152 | Insufficient jobs   | 3/3/97<br>Extension<br>received<br>3/30/98                                    | 3 Indian reservations  | Extension approved 4/20/98  | 4/30/99   |
| Nevada        | 970120 | Insufficient jobs   | 2/10/98<br>(extension)  | 7 counties and 2 cities based on insufficient jobs (extension)   | Extension approved 3/12/98  | 2/28/99   |
| Nevada        | 970184 | Unemployment greater than 10%   | 2/10/98<br>(extension)  | 13 tribal areas  | Extension approved 3/12/98  | 2/28/99   |
| Nevada        | 970185 | Insufficient jobs   | 2/10/98<br>(extension)  | 3 tribal areas   | Extension approved 3/12/98  | 2/28/99   |
| New Hampshire | 970338 | Insufficient jobs   | 9/2/97<br>(preliminary<br>request via fax)<br>10/20/97<br>(formal<br>request) | 4 Labor Market Areas   | Approved 11/14/97   | 9/30/98   |
| New Jersey    | 970028 | Unemployment greater than 10 %  | 12/22/97<br>(extension)   | Extension/modification 24 municipalities   | Extension approved 1/16/98  | 12/31/98<br>(extension)   |

|              |   |   |  |   |   |                         |
|--------------|---|---|--|---|---|-------------------------|
| New Jersey   | 970143  | Insufficient jobs   | 12/22/97<br>(extension/<br>modification) | 16 municipalities<br>4 partial counties<br>1 whole county   | Extension approved 1/16/98  | 12/31/98<br>(extension) |
| New Jersey   | 970189  | Insufficient jobs   | 2/21/97                                  | 2 small communities<br>Low employment to population<br>ratios   | Approved 3/20/97 - Wallington and<br>Stillwater   | 8/31/97                 |
| New Mexico   | 970135  | Unemployment greater than 10%   | 2/24/98                                  | 8 counties based on<br>unemployment rate greater than<br>10 %   | Extension approved 4/24/98 for 8 counties<br>including 6 Indian pueblos and<br>reservations.  | 3/31/99                 |
| New Mexico   | 970136  | Insufficient jobs   | 2/24/98                                  | 10 counties based on insufficient<br>jobs (LSAs)  | Extension approved 3/24/97 for 10 counties<br>including 3 reservations.   | 3/31/99                 |
| New Mexico   | 970199  | Insufficient jobs   | 2/24/98                                  | 13 Indian pueblos and<br>reservations (insufficient jobs)   | Approved 4/24/98 for 5 Indian<br>reservations/pueblos based unemployment<br>rates over 10%; and 4 based on<br>unemployment 20% above the national<br>average and to population ratios.  | 3/31/99                 |
| New York     | 970143  | Unemployment greater than 10%   | Via fax<br>1/30/98 -<br>Extension        | 3 counties (extension request)  | Approved 3/4/97 (2 counties)  | 2/28/99<br>(Extension)  |
| New York     | 970144  | Insufficient Jobs   | Via fax<br>1/30/98 -<br>(Extension)      | 22 counties and 14 cities<br>(State requested exemptions for<br>all LSAs. LSAs with<br>unemployment greater than 10%<br>are included in waiver 970143,<br>and are not listed twice) | Extension approved 2/19/98  | 2/28/99<br>(Extension)  |
| North Dakota | 970125  | Insufficient jobs (LSA<br>designation)  | 3/16/98<br>(extension)                   | 3 counties (extension)  | Extension approved 3/30/98  | 3/31/99                 |
| North Dakota | 970159  | Insufficient jobs   | 2/28/97                                  | 5 counties (Indian reservations)  | Approved 3/14/97  | 2/28/98                 |
| Ohio         | 970055<br>(10%)<br>970056<br>(LSA<br>designatio<br>n) | Unemployment greater than 10 %<br>and insufficient jobs.<br>Submitted as a single waiver by<br>the State agency | 12/18/96                                 | 20 counties and 12 cities based<br>on lack of sufficient jobs (labor<br>surplus areas)  | Approved 1/10/97. 4 Counties based on<br>unemployment rate greater than 10 %, 16<br>counties and 11 cities (LSAs). 4 cities were<br>approved although entire counties were<br>requested. The State agency has elected<br>not to implement at this time. | 3/31/98                 |
| Oregon       | 970154  | Unemployment greater than 10%   | 2/27/97                                  | 3 counties  | Approved 3/20/97 for all areas  | 3/31/98                 |
| Oregon       | 970154  | Insufficient jobs   | 2/27/97                                  | 13 counties   | Approved 3/20/97<br>to allow job search as a substitute for<br>employment or training was not approved<br>(3/20/97).  | 3/31/98                 |
| Pennsylvania | 970271  | Insufficient jobs   | 4/11/97                                  | Allegheny County-Pittsburgh   | Not approved - 3/30/97  | NA                      |

|                |        |                                |  |  |   |  |
|----------------|--------|--------------------------------|--|--|---|--|
| Pennsylvania   | 970277 | Insufficient jobs              | 2/6/98<br>(extension)  | 7 counties (some previously submitted)<br><br>19 counties (extension and modification) Extension based on unemployment 20% above the national average.<br>2. counties based on unemployment over 10 percent; 31 counties and 6 cities as LSAs; 16 counties based on unemployment exceeding 20% above the national average; and 4 counties based on adverse job growth.<br>The entire state based on lack of sufficient jobs (90% of affected clients live in labor surplus areas)<br><br>13 cities and towns<br><br>6 Counties | Approved 6/23/97 for Cameron, Lycoming and Tioga Counties based on unemployment 20% above the national average. Approved for Snyder and Warren Counties based on declining employment to population ratios. The other 2 counties are not currently approvable.<br><br>Extension request pending.<br>Approved 3/6/98 for 31 counties and 5 cities designated as LSAs, and 3 counties based on unemployment exceeding 20 percent<br><br>Approved in part (13 cities and towns) 1/7/97<br>Request for statewide exemption was not approvable. 4/24/97<br>Extension approved 12/22/97<br><br>Extension signed 2/17/98 | 6/30/98  |
| Pennsylvania   | 980063 | Insufficient jobs              | 2/6/98<br>(extension and modification of prior waivers)  | 2. counties based on unemployment over 10 percent; 31 counties and 6 cities as LSAs; 16 counties based on unemployment exceeding 20% above the national average; and 4 counties based on adverse job growth.   | Extension request pending.<br>Approved 3/6/98 for 31 counties and 5 cities designated as LSAs, and 3 counties based on unemployment exceeding 20 percent  | 3/31/99  |
| Rhode Island   | 970051 | Insufficient jobs              | 12/20/96<br>3/5/97 &<br>4/1/97<br>(Additional data submitted)<br><br>Extension request 12/9/97 | The entire state based on lack of sufficient jobs (90% of affected clients live in labor surplus areas)<br><br>13 cities and towns<br><br>6 Counties   | Approved in part (13 cities and towns) 1/7/97<br>Request for statewide exemption was not approvable. 4/24/97<br>Extension approved 12/22/97<br><br>Extension signed 2/17/98   | 12/31/98   |
| South Carolina | 970044 | Unemployment greater than 10%  | 2/6/98<br>(extension)  | 6 Counties   | Extension signed 2/17/98  | 2/28/99  |
| South Carolina | 970112 | Insufficient Jobs              | 2/6/98<br>(extension)  | 17 counties, 1 city (extension)  | Extension signed 2/17/98  | 2/28/99  |
| South Dakota   | 980061 | Unemployment greater than 10 % | 2/2/98<br>Extension and modification<br>Supersedes current waivers                             | Requested for 18 counties (originally designated as 1 waiver) Approved for 4 counties based on unemployment greater than 10 %  | Approved 3/2/98   | 3/31/99  |
| South Dakota   | 980062 | Insufficient jobs              | 2/2/98<br>Extension and modification<br>Supersedes current waivers                             | 2 counties designated as LSAs; 4 Indian Reservations with unemployment greater than 10% using BIA data, and 1 reservation based on a low employment to population ratio.   | Approved 3/2/98   | 3/31/99<br>8/31/98<br>(Sisseton/ Wahpeton Reservation) |

|                     |        |  |  |  |  |   |
|---------------------|--------|--|--|--|--|---|
| Tennessee           | 970084 | Unemployment greater than 10 %                           | 1/24/97<br>Request for<br>extension<br>received<br>12/3/97 | 14 Counties based on<br>unemployment rate greater than<br>10 %<br>Extension request would apply<br>to 7 counties.<br>21 counties based on insufficient<br>jobs (LSAs)<br>Extension request for 44<br>counties. | Approved 2/12/97   | 1/31/98   |
| Tennessee           | 970085 | Insufficient Jobs  | 1/24/97<br>Request for<br>extension<br>received<br>12/3/97 | 21 counties based on insufficient<br>jobs (LSAs)<br>Extension request for 44<br>counties.  | Original request approved 2/12/97<br>Extension request approved 12/22/97   | 1/31/98<br>1/31/99<br>(extension)                           |
| Tennessee           | 970084 | Unemployment greater than 10 %                           | 4/4/97   | Addition of Clay County<br>Extension and modification for 8<br>counties  | Original request approved 4/16/97<br>Extension request approved 12/22/97   | 1/31/98<br>1/31/99<br>(extension)<br>1/31/99<br>(extension) |
| Texas               | 970057 | Unemployment greater than 10 %<br>and insufficient jobs. | 12/26/96   | 45 Counties  | Approved in part 1/13/97. 26 counties<br>based on 10%; 2/12/97 -16 counties based<br>on insufficient jobs (LSAs) 3 counties were<br>not approvable. The State agency will not<br>implement the waivers for Sabine, Frio, and<br>Harrison Counties, and for any of the<br>counties which were exempted based on<br>LSA designation. | 1/31/98   |
| Texas               | 970057 | Unemployment greater than 10 %                           | 9/16/97  | Extension of above waiver for<br>26 counties   | Approved 10/3/97   | 10/31/98  |
| Utah                | 970134 | Insufficient jobs  | 1/9/98<br>(Extension)                                      | 7 counties (Extension - Grand<br>County added, Carbon and Piute<br>Counties removed).  | Extension approved 1/22/98 (retroactive to<br>12/1/97)   | 11/30/98<br>(Extension)                                     |
| Vermont             | 970228 | Insufficient Jobs  | 1/20/98<br>(Extension)                                     | Essex and Orleans Counties<br>(Extension)  | Extension approved for Essex and Orleans<br>Counties 4/29/98.  | 4/30/99   |
| Virginia            | 970283 | Insufficient Jobs (LSA<br>designation)                   | 6/19/98<br>(Extension)                                     | 20 counties and 3 cities<br>(Extension, may not be<br>implemented for all areas)   | Extension approved 6/26/98   | 6/30/99   |
| Washington<br>State | 970032 | Unemployment greater than 10%                            | 12/30/97<br>Additional data<br>submitted                   | 7 counties (extension)   | Extension approved 3/4/98  | 3/31/99   |
| Washington<br>State | 970163 | Unemployment greater than 10%.                           | 3/17/98<br>(extension)                                     | 25 census tracts   | Extension approved 5/6/98  | 3/31/99   |

|                  |        |   |                          |   |   |                                     |
|------------------|--------|---|--------------------------|---|---|-------------------------------------|
| Washington State | 970063 | Insufficient jobs based on a variety of criteria        | 12/30/97                 | 15 counties and 4 cities (extension)                                | Approved 12/1/97; 12 counties & 5 cities (LSAs); 11 counties not approved, Resubmitted. Denied GED request 3/21/97. Extension pending | 3/31/99                             |
| Washington State | 970133 | Insufficient jobs                                       | 12/30/97                 | 7 Indian reservations<br>26 reservations (extension)                | Extension approved 3/4/98   | 9/30/98 (for 4 Indian Reservations) |
| Washington State | 970164 | Insufficient jobs                                       | 3/3/97                   | 2 counties  | Extension approved 3/4/98   | 3/31/99                             |
| West Virginia    | 970036 | Unemployment greater than 10%                           | 11/19/97 (extension)     | 32 Counties based on averaged unemployment rates greater than 10 %. | Approved 12/6/96; 25 Counties greater than 10 %<br>Extension approved for 15 counties- 11/25/97                                       | 12/31/98                            |
| West Virginia    | 970037 | Insufficient jobs.                                      | 11/19/97 (extension)     | 23 Counties based on insufficient jobs                              | Extension approved for 23 counties - 11/25/97 request for 5 counties not designated LSAs was not approved.                            | 12/31/98                            |
| Wyoming          | 970264 | Insufficient jobs (low employment to population ratios) | Extension request 5/6/98 | Arapaho and Shoshone tribal members on the Wind River Reservation   | Extension request approved 6/2/98 for the Wind River Reservation.   | 3/31/99                             |

SUBMITTED BY MR. DOUGLAS O'BRIEN

*Phil's copy  
To Sammie Feld  
7/11/58  
TEFAP Update*

## 1998 TEFAP COMMODITIES

PURCHASED

Green Beans  
Kernel Corn  
Cream Corn  
Tomatoes  
Tomato Sauce  
Canned Vegetarian Beans  
Canned Refried Beans  
Canned Potatoes, Sliced  
Dehydrated Potatoes, Flakes  
Dehydrated Vegetable Soup Mix  
Dry Beans, Bagged  
Applesauce  
Fruit Cocktail  
Pears  
Peaches  
Pineapple  
Plums  
Prunes  
Apple Juice  
Orange Juice  
Tomato Juice  
Corn Syrup  
Egg Mix  
Canned Beef w/Natural Juices  
Canned Deboned Chicken  
Canned Pork w/Natural Juices  
Canned Tuna  
Frozen Ground Beef  
Frozen Chicken Cut Up  
Frozen Turkey Roasts  
Canned Salmon  
Macaroni 1  
Spaghetti 2  
Rice 2  
Grits CW40  
Peanut Butter 2  
Fortified Cereal Rice \*  
Fortified Cereal Corn \*  
Vegetable Oil \*

SURPLUS

Turkey Roast  
Turkey Breast  
Canned Pork  
Beef Roast  
Frozen Ground Pork  
Ham  
Canned Salmon  
Frozen Cherries  
Frozen Apricots  
Frozen Blueberries  
Frozen Peaches  
Grapefruit Juice  
Fresh Oranges  
Fresh Pears  
Prunes  
Raisins  
Figs  
Apple Juice  
Walnuts  
Applesauce  
Dry Navy Beans  
Nonfat Dry Milk

## TESTIMONY of WILLIAM WALDMAN

Good morning, Mr. Chairman and members of the Subcommittee. I am William Waldman, Executive Director of the American Public Human Services Association (APHSA), and I am testifying on behalf of our constituents, the state public human service administrators. APHSA, which was formerly the American Public Welfare Association, was founded in 1930 and is a non-profit, bipartisan organization representing the state human service departments, local public human service agencies, and individuals. As those who carry out national assistance program policies, including the Food Stamp Program, we have an important and highly relevant point of view to add to the subcommittee's deliberations and we appreciate this opportunity to testify.

Thank you for this opportunity to share our views on the Emergency Food Assistance Enhancement Act of 1998 and on some related and very urgent concerns we have about the Food Stamp Program. APHSA strongly supports language in this act that would remove restrictions on Food Stamp Employment and Training (E&T) Program funding that were enacted as part of the Balanced Budget Act of 1997. This law added substantial new federal work slot funding for "ABAWDs," or single childless adults, but restricted 80 percent of states' E&T allocations—both the new and existing funds—for ABAWDs.

The welfare reform changes enacted in 1996 imposed strict new requirements on the ABAWDs group: they had to work or participate in approved job training for 33 out of every 36 months in order to continue receiving food stamp benefits. There was subsequent concern that the ABAWDs would not be able to find sufficient employment to meet these stringent requirements and that, through no fault of their own, they would therefore be denied food stamps. The Balanced Budget Act provisions sought to head off this anticipated problem by boosting E&T funding and directing that 80 percent of all E&T funding must be used for ABAWD work and training slots—leaving only 20 percent available for E&T services to other food stamp recipients.

In fact, the number of ABAWDs on food stamp rolls has declined sharply, even more dramatically than the overall food stamp rate, as APHSA has documented through extensive state surveys. A copy of our survey results is attached. Although it is not completely clear what has happened to the ABAWDs group, it seems certain that both the strong economy and new federal work requirements have played a major role in reducing the ABAWD caseload.

The dramatic decline in the ABAWD food stamp caseload has meant that substantial portions of the E&T allocations are going unused. As a result, the 80 percent set-aside in the Balanced Budget Act keeps states from using all but a fraction of their E&T allocations for the families who are in serious need of assistance and E&T activities. Many states report that they have had to curtail severely their E&T programs for non-ABAWDs, a most unfortunate development that contrasts sharply with states' success elsewhere on the welfare-to-work front.

This is why APHSA has called repeatedly for removal of the 80 percent/20 percent restriction on E&T expenditures. While we understand the concern that prompted the restriction, events have proved it is not justified. We must remove the restriction now and give states the flexibility they need to again serve all food stamp recipients who can benefit from these services.

We also strongly support some related policy changes the act would make, including the removal of the inequitable maintenance of effort (MOE) requirement that effectively penalizes states that have invested their own funds in E&T. To assure there are no technical language barriers to carrying out these important changes, we suggest that Subparagraph (B) under section 16(h)(1), Allocation Formula, should be removed since the funding is no longer tied to a count of the ABAWD caseload. In addition, Subparagraph (F) under section 16(h)(1), Maintenance of Effort, should be removed since there would no longer be any additional amounts of E&T funds to which that paragraph applies.

I want to highlight for you a number of other very important food stamp reforms that states have identified. This past July the National Council of State Human Service Administrators, APHSA's policymaking body, met here in Washington and passed a resolution calling on Congress and the administration to address these reforms. A copy of the full resolution is attached.

Many of our reform proposals would, we believe, help us continue to serve needy families while at the same time reducing the administrative burden and cost of doing so. Two prominent examples are the following:

- After initially informing states that all diversion payments must be counted as food stamp income, the USDA Food and Nutrition Service (FNS) has now stated that treatment of the payments will be decided on a case-by-case basis depending on the justification submitted by each state. Congress and the administration should recognize that *any* type of diversion payment, and any other similar assistance clearly designed to help households achieve self-sufficiency, must be exempted as countable income so that food stamp benefit reductions will not counteract state efforts to support welfare-to-work households. Families who may lose food stamp assistance under the current policy could well be unable to continue in state diversion programs; it would be most unfortunate if we lost these families and were no longer able to help them move toward self-sufficiency.
- The elimination of food stamp eligibility for most immigrants in the 1996 welfare reform law, and subsequent restoration for some effective this coming November 1, has created an extraordinary administrative burden on states. While the benefits are welcome, these changes once again require substantial revision of eligibility policy, training, and information systems. The situation is exacerbated by the continual backlog of citizenship

applications throughout much of the country. This administrative burden has helped to create an artificially high food stamp quality control (QC) error rate. States therefore urge that errors attributable to the immigrant population be excluded from QC calculations during fiscal years 98 and 99.

Policy options to simplify the program do not go far enough to help with these and similar administrative challenges. In recent years numerous new deductions have been added; many new computer matches have been mandated; immigrant benefit policy has changed frequently; earned income is far more frequent; and many other changes and additional policy mandates have occurred. All these have increased state administrative burdens and costs unnecessarily and come at a time when states will be losing administrative funds because of recently enacted funding reductions in the Agriculture Research law.

Changes are also urgently needed in these areas:

- The Simplified Food Stamp Program (SFSP) allows limited conformity with TANF, yet it must be implemented in a strictly cost-neutral manner and prohibits any similar simplifications of the balance of the food stamp caseload. The SFSP has therefore gone unused by the great majority of states.
- A number of successful welfare reform waivers that were approved well before the 1996 welfare reform law incorporate food stamp provisions. FNS has imposed a strict year-by-year interpretation of the cost-neutrality requirement for many of these waivers, and has instructed a number of states to terminate their waivers even in cases where the waiver program has only a year or two to go. States were once able to count both TANF and food stamp savings in demonstrating waiver effectiveness, but FNS now allows only food stamp savings to count. Successful waiver programs should be judged on their overall cost effectiveness and other benefits, and in such cases the food stamp elements should be left intact.
- The food stamp QC system remains focused exclusively on rigid compliance with detailed payment accuracy requirements that take no account of the rapid movement of many clients into the workforce. In the present QC system, as more households receive earned income, such income (which often fluctuates unpredictably) makes states' food stamp error rates go up. The QC system should treat earned income cases in a manner that makes allowance for the nature of this income, rather than effectively penalizing states' success in moving such households into the workforce. FNS must also improve the QC data it feeds back to states so that they can have vitally important current information on their QC performance and standing.

Thank you, Mr. Chairman, for this opportunity to address the subcommittee. We look forward to working with you in the future to develop statutory changes that will remedy the

problems I have cited and that will help us ensure families are not needlessly denied food stamp assistance. Together, I believe we can rid the Food Stamp Program of some of its more rigid and outmoded policies and transform it into a program that is far more efficient and far more effective for families and children.

If I can answer any questions for you now or at a later time, I will be pleased to do so.



Cornelius D. Hogan, *President*

William Waldman, *Executive Director*

### **Recent Changes in Food Stamp Caseload Create Need For Revisions to E&T Program Funding Restrictions**

The Balanced Budget Act of 1997 includes provisions for substantial new funding and conditions for Food Stamp Employment & Training expenditures, for the purpose of providing state work slots for the able-bodied adults without dependents (ABAWDs) who are subject to work participation requirements within three months of receipt of food stamps. However, in many states, recent declines in ABAWD caseload, combined with restrictions on all federal E&T funds, have created a situation in which the distribution of funds is out of balance with caseload changes.

Tables 1-3 and Graphs 1-2 show the following:

- Most states have experienced declines in overall food stamp caseload in the last year. (Table 1)
- Many states are reporting that since enactment of the 1997 law, ABAWD cases have dropped even more dramatically than the overall food stamp caseload rate. In some states, the decline in ABAWD cases is close to 10 times the rate of decline for the total food stamp caseload. (Table 2; Graph 1)
- Due to the declining number of ABAWD cases, restrictions on state spending of federal E&T funding (80% on ABAWDs, 20% on Non-ABAWDs) are leading to dramatic imbalances in the amount of funds available and services provided to ABAWDs and non-ABAWDs in many states. For example, Texas estimates that it will have over 12 times more money available for ABAWDs (\$491 per case) than for non-ABAWDs (\$40 per case), because ABAWDs constitute only 25% of the E&T participant universe. (Table 3; Chart 2)

Therefore, the needs of ABAWDs and non-ABAWDs alike could be better served by a few relatively minor adjustments to language in the Balanced Budget Act of 1997. Legislative changes are needed to allow states more flexibility in spending both the additional and previous levels of federal funds for E&T programs, so they can address the needs of all participants on an equal basis and promote self-sufficiency for all recipients.

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| Table 1: ANNUAL FOOD STAMP CASELOAD DATA BY STATE (Based on December Data) |            |            |            |            |            |            |                       |
|--|------------|------------|------------|------------|------------|------------|-----------------------|
| STATE  | FY83       | FY84       | FY85       | FY86       | FY87       | FY88       | % Change<br>FY87-FY88 |
| ALABAMA  | 557,312    | 598,819    | 537,786    | 512,579    | 492,478    | 441,102    | -10%                  |
| ALASKA   | 32,865     | 35,988     | 17,738     | 17,563     | 17,020     | 15,651     | -8%                   |
| ARIZONA  | 474,956    | 516,789    | 501,540    | 426,175    | 388,374    | 313,785    | -18%                  |
| ARKANSAS   | 286,518    | 287,093    | 278,662    | 270,946    | 273,742    | 257,645    | -6%                   |
| CALIFORNIA   | 2,729,167  | 3,073,296  | 3,203,821  | 3,146,819  | 2,938,077  | 2,349,389  | -20%                  |
| COLORADO   | 273,381    | 272,637    | 258,321    | 243,070    | 228,530    | 198,091    | -13%                  |
| CONNECTICUT  | 212,126    | 220,080    | 224,453    | 222,142    | 213,636    | 201,957    | -6%                   |
| DELAWARE   | 57,262     | 56,731     | 56,571     | 57,063     | 57,860     | 48,060     | -17%                  |
| DISTRICT OF COL.   | 86,242     | 82,293     | 100,023    | 93,865     | 93,326     | 88,505     | -6%                   |
| FLORIDA  | 1,538,445  | 1,520,001  | 1,439,873  | 1,401,472  | 1,295,006  | 1,034,852  | -20%                  |
| GEORGIA  | 794,887    | 814,425    | 830,431    | 804,446    | 748,118    | 654,482    | -12%                  |
| HAWAII   | 12,048     | 14,743     | 16,449     | 17,337     | 18,301     | 17,948     | -2%                   |
| IDaho  | 98,968     | 111,712    | 123,275    | 131,155    | 131,074    | 121,923    | -7%                   |
| ILLINOIS   | 76,786     | 83,406     | 80,939     | 80,554     | 74,941     | 64,088     | -14%                  |
| INDIANA  | 1,165,101  | 1,191,619  | 1,174,797  | 1,115,503  | 1,059,386  | 980,080    | -6%                   |
| INDIANA  | 480,370    | 508,112    | 491,473    | 398,185    | 366,026    | 325,167    | -9%                   |
| IOWA   | 191,189    | 193,946    | 187,965    | 178,467    | 167,446    | 142,673    | -16%                  |
| KANSAS   | 182,182    | 189,665    | 187,511    | 174,058    | 157,571    | 120,861    | -23%                  |
| KENTUCKY   | 531,482    | 522,487    | 520,985    | 481,535    | 459,433    | 420,947    | -9%                   |
| LOUISIANA  | 777,611    | 771,522    | 732,402    | 677,300    | 610,840    | 566,264    | -7%                   |
| MAINE  | 137,498    | 134,984    | 131,898    | 131,789    | 128,823    | 114,017    | -10%                  |
| MARYLAND   | 370,330    | 387,155    | 491,714    | 380,557    | 354,647    | 331,556    | -7%                   |
| MASSACHUSETTS  | 444,112    | 448,783    | 428,749    | 373,606    | 353,910    | 298,288    | -16%                  |
| MICHIGAN   | 984,321    | 1,028,290  | 986,106    | 919,381    | 870,229    | 781,217    | -12%                  |
| MINNESOTA  | 308,062    | 312,475    | 306,128    | 291,830    | 270,236    | 218,748    | -19%                  |
| MISSISSIPPI  | 531,061    | 516,688    | 491,789    | 498,914    | 423,956    | 342,119    | -18%                  |
| MISSOURI   | 582,336    | 596,388    | 595,542    | 613,264    | 622,148    | 422,177    | -16%                  |
| MONTANA  | 69,269     | 70,964     | 71,151     | 70,607     | 68,052     | 62,614     | -8%                   |
| NEBRASKA   | 111,980    | 111,858    | 106,727    | 100,898    | 98,058     | 96,146     | -2%                   |
| NEVADA   | 92,067     | 97,823     | 96,080     | 96,501     | 89,028     | 75,800     | -16%                  |
| NEW HAMPSHIRE  | 58,768     | 60,824     | 59,210     | 53,488     | 47,672     | 41,113     | -14%                  |
| NEW JERSEY   | 517,896    | 540,550    | 552,984    | 548,067    | 510,583    | 444,340    | -13%                  |
| NEW MEXICO   | 241,761    | 245,772    | 242,350    | 237,262    | 222,484    | 192,362    | -13%                  |
| NEW YORK   | 2,001,980  | 2,119,322  | 2,196,779  | 2,107,617  | 1,996,398  | 1,681,003  | -16%                  |
| NORTH CAROLINA   | 620,320    | 632,137    | 626,143    | 611,023    | 610,363    | 544,998    | -11%                  |
| NORTH DAKOTA   | 48,095     | 45,522     | 41,536     | 39,215     | 37,628     | 33,896     | -11%                  |
| OHIO   | 1,261,299  | 1,259,809  | 1,167,045  | 1,076,675  | 918,303    | 772,803    | -16%                  |
| OKLAHOMA   | 371,618    | 376,589    | 380,424    | 368,240    | 326,181    | 296,606    | -9%                   |
| OREGON   | 281,534    | 286,324    | 280,214    | 287,327    | 286,898    | 243,898    | -16%                  |
| PENNSYLVANIA   | 1,180,158  | 1,198,956  | 1,193,914  | 1,209,451  | 1,042,559  | 913,206    | -12%                  |
| RHODE ISLAND   | 95,288     | 94,439     | 94,794     | 94,608     | 94,449     | 81,438     | -14%                  |
| SOUTH CAROLINA   | 398,633    | 393,582    | 378,198    | 358,247    | 358,363    | 341,929    | -6%                   |
| SOUTH DAKOTA   | 54,900     | 53,300     | 51,300     | 49,906     | 48,013     | 44,883     | -7%                   |
| TENNESSEE  | 764,691    | 745,910    | 673,304    | 631,036    | 611,291    | 550,036    | -10%                  |
| TEXAS  | 2,637,194  | 2,770,804  | 2,808,355  | 2,495,931  | 2,161,958  | 1,745,503  | -19%                  |
| UTAH   | 132,719    | 129,692    | 122,569    | 110,062    | 102,617    | 92,533     | -10%                  |
| VERMONT  | 58,806     | 71,661     | 58,013     | 56,481     | 53,944     | 46,616     | -13%                  |
| VIRGIN ISLANDS   | 17,484     | 19,065     | 22,428     | 42,771     | 21,812     | 17,720     | -19%                  |
| VIRGINIA   | 539,536    | 526,704    | 545,882    | 542,440    | 503,630    | 412,312    | -18%                  |
| WASHINGTON   | 455,398    | 452,252    | 477,646    | 471,011    | 487,312    | 337,246    | -31%                  |
| WEST VIRGINIA  | 319,980    | 322,623    | 313,950    | 301,009    | 294,564    | 276,111    | -6%                   |
| WISCONSIN  | 331,687    | 327,244    | 324,281    | 296,474    | 246,023    | 204,783    | -17%                  |
| WYOMING  | 33,559     | 32,699     | 33,875     | 33,012     | 30,478     | 26,002     | -16%                  |
| UNITED STATES  | 26,615,499 | 27,444,389 | 27,112,215 | 25,899,962 | 23,922,662 | 20,395,166 | -16%                  |

Source: USDA, National Databank V 5.0 3/12/98

# ABAWD and Food Stamp Caseload Changes in Selected States: FY96 - FY97

Table 3

| State         | % Change in Caseload | All Food Stamp Cases | ABAWD Cases Only* |
|---------------|----------------------|----------------------|-------------------|
| Vermont       | -8%                  | -71%                 | -68%              |
| Indiana       | -9%                  | -67%                 | -59%              |
| Iowa          | -15%                 | -58%                 | -52%              |
| Texas         | -31%                 | -52%                 | -42%              |
| Washington    | -13%                 | -40%                 | -33%              |
| Michigan      | -6%                  | -23%                 | -16%              |
| West Virginia | -23%                 | -7%                  | -11%              |
| Kansas        | -23%                 | -7%                  | -11%              |
| New York      | -16%                 | -33%                 | -26%              |
| Louisiana     | -7%                  | -11%                 | -25%              |
| North Dakota  | -11%                 | -14%                 | -14%              |
| Idaho         | -14%                 | -17%                 | -13%              |
| Wisconsin     | -17%                 | -5%                  | -9%               |
| Colorado      | -13%                 | -19%                 | -5%               |
| Connecticut   | -5%                  | -9%                  | -5%               |
| Mississippi   | -19%                 | -5%                  | -5%               |
| Oregon        | -9%                  | -5%                  | -5%               |

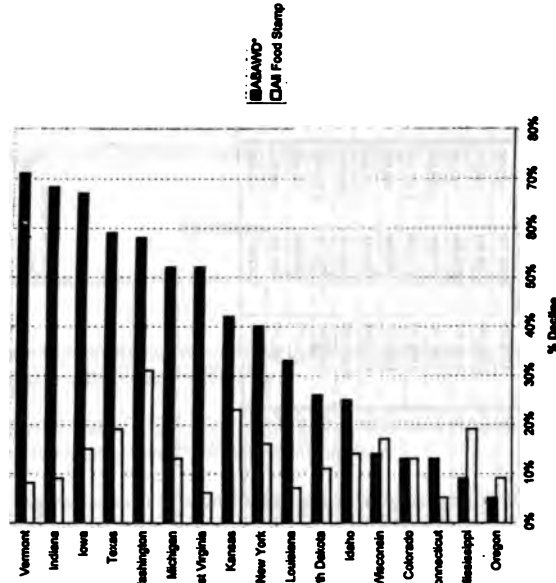
\* Estimate figures reported from states

(Note: Oregon figures show decline from May '97, Feb '98, New York figures show decline from Aug '96 - Nov '97)

Source: State DHS; USDA, National Databank V3.0 3/12/98

Graph 1

Percent Caseload Change in Selected States:  
FY 96 - FY 97 Total Food Stamp Cases vs. ABAWD Cases

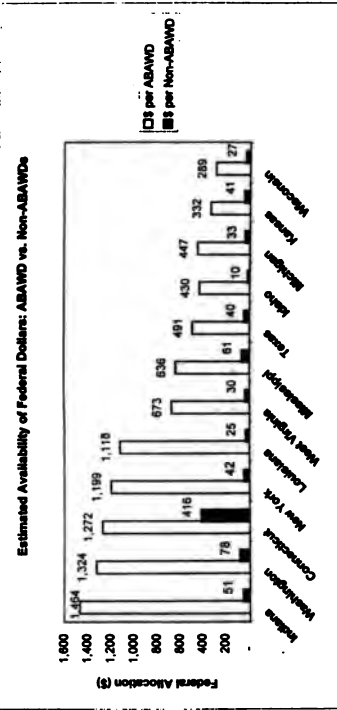


**Calculating Federal Employment and Training Funding Available Per Case:  
ABAWD (80%) vs. Non-ABAWD (20%)**

| State          | Total E&T Universe* | Total Non-ABAWDs* | Total ABAWDs* | # ABAWD Exemptions due to Waiver* | Total Eligible ABAWDs | Tot. Eligible ABAWDs (% of all Cases) | Tot. Non-ABAWDs (% of all Cases) | Est. FY98 E&T Federal Allocation (\$) | 60% Federal Funds (\$) | 20% Federal Funds (\$) | Federal Funds |                  |
|----------------|---------------------|-------------------|---------------|-----------------------------------|-----------------------|---------------------------------------|----------------------------------|---------------------------------------|------------------------|------------------------|---------------|------------------|
|                |                     |                   |               |                                   |                       |                                       |                                  |                                       |                        |                        | \$ per ABAWD  | \$ per Non ABAWD |
| Illiana        | 14,487              | 11,927            | 2,540         | 893                               | 1,647                 | 11%                                   | 85%                              | 3,013,483                             | 2,410,770              | 602,693                | 1,464         | 51               |
| Washington     | 19,905              | 10,150            | 9,755         | 7356                              | 2,400                 | 12%                                   | 51%                              | 3,973,364                             | 3,178,891              | 794,673                | 1,324         | 78               |
| Medicaid       | 6,700               | 1,300             | 5,400         | 3,700                             | 1,700                 | 25%                                   | 18%                              | 2,702,857                             | 2,162,286              | 540,571                | 1,272         | 416              |
| New York       | 116,000             | 71,000            | 45,000        | 35000                             | 10,000                | 9%                                    | 61%                              | 14,993,168                            | 11,994,534             | 2,998,634              | 1,199         | 42               |
| Mississippi    | 52,833              | 47,141            | 15,692        | 11476                             | 4,216                 | 7%                                    | 78%                              | 5,880,319                             | 4,711,455              | 1,177,864              | 1,118         | 25               |
| West Virginia  | 41,627              | 26,995            | 14,672        | 9862                              | 4,810                 | 12%                                   | 88%                              | 4,042,261                             | 3,238,609              | 809,652                | 673           | 30               |
| Mississippi    | 28,309              | 11,809            | 14,500        | 10000                             | 4,500                 | 17%                                   | 45%                              | 3,575,018                             | 2,862,414              | 715,604                | 636           | 61               |
| Massachusetts  | 121,313             | 91,495            | 29,818        | 0                                 | 29,818                | 25%                                   | 75%                              | 18,293,302                            | 14,634,642             | 3,658,660              | 491           | 40               |
| Michigan       | 104,062             | 80,062            | 24,000        | 0                                 | 24,000                | 23%                                   | 77%                              | 13,410,215                            | 10,728,172             | 2,682,043              | 447           | 33               |
| Illinois       | 12,000              | 10,800            | 1,200         | 200                               | 1,000                 | 8%                                    | 92%                              | 537,873                               | 430,298                | 107,575                | 430           | 10               |
| Massachusetts  | 7,234               | 4,845             | 2,389         | 0                                 | 2,389                 | 33%                                   | 67%                              | 991,740                               | 793,382                | 198,348                | 332           | 41               |
| South Carolina | 16,000              | 11,700            | 4,300         | 0                                 | 4,300                 | 27%                                   | 73%                              | 1,553,883                             | 1,242,946              | 310,737                | 289           | 27               |

December 1997 data; most numbers are approximate. Source: State DHS; USDA 3/98

**Graph 2**



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National Council of State Human Service Administrators

**Resolution**

**State Proposals to Reform and Simplify Food Stamp Program Policies**

**Whereas**, states have proceeded rapidly and successfully in the implementation of welfare reform policies that emphasize work and family self-sufficiency;

**Whereas**, the number of TANF clients who are working while on assistance is rapidly increasing and the calculation of their food stamp benefits is more challenging;

**Whereas**, many states offer new forms of assistance such as diversion payments or welfare avoidance grants to give families the support they need to move into employment rather than enter the welfare system;

**Whereas**, the Food and Nutrition Service of the U. S. Department of Agriculture has determined that diversion payments may be counted as income and thus reduce families' food assistance, or make them ineligible for food stamps;

**Whereas**, welfare reform policies and other factors (including demographic shifts, immigration, and the economy) have caused rapid changes in some segments of the food stamp caseload, including a dramatic reduction in the number of single childless adults ("ABAWDs");

**Whereas**, food stamp cases are becoming more complex for a variety of reasons, including welfare reform, new mandates for matching, and frequent changes in such important policy areas as immigrant benefits, while at the same time administrative funding will soon be reduced;

**Now therefore, be it resolved**, that the National Council of State Human Service Administrators calls on Congress and the Administration to reform and simplify the following areas of Food Stamp Program policy which make achievement of welfare reform goals more difficult and which add needless complexity to program administration:

substantial simplification of the Food Stamp Program;

a more reasonable standard of cost-effectiveness for food stamp welfare reform waivers, so that successful waivers are allowed to continue for the duration of the waiver program;

a redefinition of the food stamp quality control (QC) system so that it takes into account the rising number of earned income cases, legal immigrant cases, and similar cases whose income levels cannot be precisely predicted and tracked;

broad recognition that state diversion programs should not adversely affect food stamp benefits during a family's critical transition period from welfare to work; and

changes in the employment and training (E&T) program so that it again is a system that assists the full range of food stamp recipients, rather than being focused on a rapidly declining number of ABAWDs.

Specific recommendations follow:

\* \* \* \* \*

#### **State Proposals to Reform and Simplify Food Stamp Program Policies: Specific Recommendations**

1. **Simplification** Certain policy options exist in food stamps to allow a degree of simplification, but they need substantial expansion. In recent years numerous new deductions have been added; many new computer matches have been mandated; immigrant benefit policy has changed frequently; earned income is far more frequent; and many other changes and additional policy mandates have occurred. The Simplified Food Stamp Program (SFSP) allows limited conformity with TANF, yet it must be implemented in a strictly cost-neutral manner and prohibits any similar simplifications of the balance of the food stamp caseload. These circumstances alone require significant simplification, and are made all the more urgent by recently enacted reductions in future administrative funding. In addition to this broad-based need for simplification, the additional specific reforms below are needed at once.
2. **Welfare reform waivers** A number of successful welfare reform waivers that were approved well before the 1996 welfare reform law incorporate food stamp provisions. FNS has imposed a strict year-by-year interpretation of the cost-neutrality requirement for many of these waivers, and has instructed a number of states to terminate their waivers even in cases where the waiver program has only a year or two to go. Successful waiver programs should be judged on their overall cost effectiveness and other benefits, and in such cases the food stamp elements should be left intact.
3. **Quality Control (QC)** The food stamp QC system remains focused exclusively on rigid compliance with detailed payment accuracy requirements that take no account of the rapid movement of many clients into the workforce. In the present QC system, as more households receive earned income, such incomewhich often fluctuates unpredictablymakes states' food stamp error rates go up. The QC system should treat earned income cases in a manner that makes allowance for the nature of this income, rather than effectively penalizing states' success in moving such households into the workforce. FNS should also at once provide states with improved QC case tracking and disposition data, equivalent at least to the NIQCS system that existed prior to October

1997, so that states can have vitally important current information on their QC performance and standing.

4. **Diversion payments** After initially informing states that all diversion payments must be counted as food stamp income, FNS has now stated that treatment of the payments will be decided on a case-by-case basis depending on the justification submitted by each state. Congress and the Administration should recognize that any type of diversion payment, and any other similar assistance clearly designed to help households achieve self-sufficiency, must be exempted as countable income so that food stamp benefit reductions will not counteract state efforts to support welfare-to-work households.

5. **Employment and training (E&T) program** E&T funds are now severely restricted by the 1997 Balanced Budget Act's mandate to set aside 80% of all funds for ABAWDs. The ABAWD caseload had dropped dramatically in most states, with the result that other E&T clients can no longer be served while large sums sit unused in state E&T allocations. Congress should immediately lift this restriction, and in the meantime FNS should allow states maximum administrative flexibility to use E&T funds for those clients who remain in the food stamp caseload and could be benefiting from E&T services. In addition, Congress and FNS should reform the inequitable impact of the E&T maintenance of effort (MOE) requirement, which effectively penalizes states that invested their own funds in E&T relative to states that did not do so.

6. **The elimination of food stamp eligibility for most immigrants in the 1996 welfare reform law, and subsequent restoration for some effective Nov. 1, 1998, has created an extraordinary administrative burden on states. While the benefits are welcome, these changes once again require substantial revision of eligibility policy, training, and information systems. The situation is exacerbated by the continual backlog of citizenship applications throughout much of the country. This administrative burden has helped to create an artificially high error rate. States therefore urge that errors attributable to the immigrant population be excluded from QC calculations during FYs 98 and 99.**

Approved by the Executive Committee of the National Council of State Human Service Administrators, July 21, 1998

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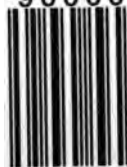


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